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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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For the recommendations, resolutions, declarations and decisions adopted by the United Nations Conference on Trade and Development, see:

First session: *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No. 64.II.B.11), pp. 18-65;

Second session: *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1 and 2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), annex I, A, pp. 28-58;

Third session: *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I, A, pp. 53-114;

Fourth session: *Proceedings of the United Nations Conference on Trade and Development, Fourth Session*, vol. I and Corr.1, *Report and Annexes* (United Nations publication, Sales No. E.76.II.D.10), part one, sect. A, pp. 6-43;

Fifth session: *Proceedings of the United Nations Conference on Trade and Development, Fifth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.79.II.D.14), part one, sect. A, pp. 6-50;

Sixth session: *Proceedings of the United Nations Conference on Trade and Development, Sixth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.83.II.D.6), part one, sect. A, pp. 6-40;

Seventh session: *Proceedings of the United Nations Conference on Trade and Development, Seventh Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.88.II.D.1), part one, sect. A, pp. 6-27.

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CONTENTS

		Paragraphs	Page
INTRODUCTION		1 - 37	1
PART I:	RESOLUTIONS AND DECISIONS ADOPTED BY THE TRADE AND DEVELOPMENT BOARD AT THE FIRST PART OF ITS THIRTY-SIXTH SESSION 1/		
	A. Resolutions		8
	B. Decisions		13
PART II:	SUMMARY OF PROCEEDINGS		
Chapter			
I.	UNCTAD'S CONTRIBUTION TO THE PREPARATIONS FOR THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE (agenda item 2)	38 - 62	16
II.	INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM (agenda item 3) and DEBT AND DEVELOPMENT PROBLEMS OF DEVELOPING COUNTRIES (agenda item 4)	63 - 246	21
III.	TWENTY-FIFTH ANNIVERSARY OF UNCTAD (agenda item 5)	247 - 255	57
IV.	PREPARATIONS FOR THE SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES (agenda item 6)	256 - 283	59
V.	OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT (agenda item 7)	284 - 325	67
	A. Report of the Secretary-General of UNCTAD in accordance with Conference resolution 137 (VI) concerning land-locked developing countries	284 - 308	67
	B. Export promotion: Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-second session	309 - 317	71
	C. Progressive development of the law of international trade: twenty-second annual report of the United Nations Commission on International Trade Law	318 - 325	73

CONTENTS (continued)

Chapter		Paragraphs	Page
VI.	OTHER MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY AND OTHER BODIES (agenda item 8)	326 - 339	75
	A. Special Committee on Preferences	326 - 332	75
	B. Committee on Economic Co-operation among Developing Countries	333 - 339	76
VII.	UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF THE UNITED NATIONS PROGRAMME OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT 1986-1990 (agenda item 9)	340 - 394	78
VIII.	PROGRAMME EVALUATION IN UNCTAD (agenda item 10)	395 - 398	87
IX.	ASSISTANCE TO THE PALESTINIAN PEOPLE (CONFERENCE RESOLUTIONS 146 (VI) OF 2 JULY 1983 AND 169 (VII) OF 3 AUGUST 1987) (agenda item 11)	399 - 430	88
X.	ARRANGEMENTS AND PREPARATIONS FOR THE EIGHTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (agenda item 12)	431 - 435	96
XI.	CLOSING STATEMENTS AT THE FIRST PART OF THE THIRTY-SIXTH SESSION OF THE BOARD	436 - 453	97
XII.	PROCEDURAL MATTERS: INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS	454 - 485	100
	A. Opening of the session	454	100
	B. Election of officers (agenda item 1 (a))	455 - 456	100
	C. Adoption of the agenda and organization of the work of the session (agenda item 1 (b)) ...	457 - 465	100
	D. Membership and attendance	466 - 471	101
	E. Treatment of new States members of UNCTAD for purposes of elections (agenda item 13 (a))	472	102
	F. Announcement of any changes in the membership of the Board and election to membership of main Committees (agenda item 13 (b))	473	103

CONTENTS (continued)

Chapter Paragraphs Page

G. Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1990 (agenda item 13 (c)) .... 474 - 477 103

H. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board (agenda item 13 (d)) ... 478 104

I. Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure (agenda item 13 (e)) 479 104

J. Review of the calendar of meetings (agenda item 13 (f)) 480 104

K. Administrative and financial implications of the actions of the Board (agenda item 13 (g)) 481 104

L. Provisional agenda for the second part of the thirty-sixth session of the Board (agenda item 1 (d)) .... 482 - 483 104

M. Adoption of the report on credentials (agenda item 1 (c)) 484 105

N. Adoption of the report of the Board (agenda item 15) 485 105

ANNEXES

I. AGENDA FOR THE FIRST PART OF THE THIRTY-SIXTH SESSION OF THE TRADE AND DEVELOPMENT BOARD 106

II. DRAFT PROVISIONAL AGENDA FOR THE SECOND PART OF THE THIRTY-SIXTH REGULAR SESSION OF THE BOARD 108

INTRODUCTION

1. Opening the first part of the thirty-sixth session, Mr. Tobgye Dorji (Bhutan), President of the Board at its thirty-fifth session, observed that, if the reports and studies submitted by the secretariat to the Board were to be objective, neutral, thought-provoking, and serve the purpose for which UNCTAD had been created, the intellectual independence of the secretariat must be preserved. He had, however, noted that delegations had a strong urge to curb the independent thinking of the UNCTAD secretariat. This took away the very essence of the secretariat's responsibility.

2. In his opening address, Mr. Oscar R. de Rojas (Venezuela), President of the Board at its thirty-sixth session, observed that the consideration of everything subsumed in the concept of interdependence was, more than ever, the principal raison d'être of UNCTAD. No other body of the United Nations - and no specialized agency in the United Nations system - had such a specific and direct responsibility for analysing the complex problematique of interdependence from a global, integrated and developmental perspective. For that reason it would be highly appropriate for the commemoration of the twenty-fifth anniversary of UNCTAD to have a substantive dimension and not merely a ceremonial format.

3. As to the problem of external debt in that context, while there was recognition that a very positive change of focus had come about - given the acceptance of the need to reduce debt and debt-servicing as an integral part of a fundamental and durable solution - there was likewise considerable concern because this aim was not being pursued on a sufficient scale, whether from the quantitative or the qualitative standpoint. This had just been recognized in part by the Interim Committee of the International Monetary Fund itself.

4. Furthermore, the Interim Committee had again recognized that it was urgent to restore a satisfactory rhythm of economic growth in the developing countries and that to carry these efforts through a favourable international environment must be maintained, and there must also be an adequate flow of financial resources. It was obvious that these conditions did not prevail, given the current situation with regard to net financial flows from the South to the North, protectionist pressures in industrialized countries, and major imbalances in the world economy.

5. The Board should not be timid in respect of its objectives, and should set out to achieve significant agreements on these matters at the current session.

6. He sincerely believed that UNCTAD could play a fundamental role in international economic relations.

7. For this to become a reality, member States must give UNCTAD the strength and the renewed impetus which could only be solidly based when there was an awareness of the common interest which this would serve and when the necessary political will is mobilized. The Board provided an excellent opportunity for the consolidation of this awareness and for a concrete manifestation of this will.

8. The Secretary-General of UNCTAD, reviewing the Trade and Development Report 1989, stated that it analysed the impact of the debt overhang on macro-economic policy in developing countries and the effectiveness of trade policy reforms therein and noted that its policy analysis at the national level was intended to throw light upon the interactions between the international economic environment and national policy options in developing countries. One of the main conclusions was that, in heavily indebted countries, external shocks and adjustment thereto had generated macro-economic disorder to a degree which frustrated the efficacy of normal policy prescriptions rendering their economies unresponsive to growth impulses and precluding a successful assault on disorder.

9. The other main policy conclusions were that: in economies suffering from debt-induced disorder, high priority must be given to promoting growth, while working towards macro-economic stability; the new thinking on commercial debt (the "Brady initiative") was highly significant, though the measures envisaged to implement the reduction of debt and debt service were not yet adequate; successful export growth by developing countries had been based on vigorous investment, selective incentives and stable exchange rates not otherwise possible in a situation of disorder; the implementation of the Toronto measures on the reduction of official debt owed by low-income countries still fell short of needs and finally that adjustment programmes for least developed countries must be framed in a long-term development perspective, reflecting their specific situations and be accompanied by adequate external support.

10. To sharpen the focus of debate, he had convened an informal group of competent personalities to advise on key issues of concern and his conclusions of the outcome were set out in the note before the Board (document TD/B/L.864). As to issues flagged in that note, he said the contrast between the dynamism of a number of developing economies and the stagnation of most others was by now well known. One consideration was the diversity of national objectives, of specific problems and experiences, and of capacity to respond to changes. At the same time the great divide separating the North and South could not be ignored.

11. Likewise, sight must not be lost of their social and political specificity of the reform processes under way in socialist countries of Eastern Europe. Aspects of these processes could become an important part of UNCTAD's comprehensive agenda.

12. Paying greater attention to market signals could be a sound guide to efficient resource allocation in the absence of market imperfections. This issue must, however, be distinguished from the question of ownership of productive capacities. Efficiency was not the exclusive monopoly of the private sector, nor was the public sector necessarily wasteful.

13. Special importance attached to the question of the reform of mechanisms for international policy co-ordination and decision-making. The need for reform arose both from the pace of change and from the inadequacy of existing mechanisms in responding to development needs. Aspects of such change were an integral part of the Uruguay Round agenda. Other issues involving such change were also resurfacing in the Bretton Woods institutions.

14. Managing interdependence was tough and complex. To the economic tensions arising from stagnation and polarization must be added the social and political risks of persistent inequalities leading to turmoil if present trends continued. Accelerated and sustainable development was the key.

15. The thinking of the secretariat on the International Development Strategy (set out in TD/B(XXXV)/CRP.9/Add.1/Rev.1) was rooted in a broad vision of development, encompassing economic, social and ecological objectives both quantitative and qualitative. It would need to be set in the context of the changing realities in the international economy. The Strategy should strike the right balance between objectives and the political commitment for their achievement and needed to be adaptable. A scenario based on development as a spontaneous by-product of growth in the industrialized countries was neither desirable nor realistic. Rather, development in the developing world should be promoted on an increasingly self-sustaining basis. The Strategy could explore guidelines to assist Governments in establishing the macro-economic environment necessary for effective operation of market forces. Finally, the new Strategy should address systemic issues in the areas of trade, money and finance and the development of effective and democratic mechanisms for the management of interdependence.

16. As to preparations for UNCTAD VIII (TD/B(XXXVI)/CRP.4), the established pattern indicated that UNCTAD VIII should be scheduled in 1991, in time for its report to be submitted to the General Assembly, while permitting the preparatory process to take into account political orientations that were expected to emerge from the General Assembly at its special session in April 1990, as well as the content of the new International Development Strategy. Member States will have taken full measure of the outcome of the Uruguay Round and the Conference should contribute to and derive benefit from the preparations for the Conference on Environment and Development scheduled for 1992.

17. It was perhaps too early to expect a clear view on the agenda of the Conference. The secretariat envisaged that the provisional agenda for the Conference would be drawn up by the Board in March 1990. One general question on which the Board might be able to agree was whether it would wish to aim for a selective and integrated Conference agenda, concentrating on major policy issues. Alternatively, member States might prefer to revert to a more comprehensive list of policy areas. In either case, it would be appropriate to leave the reviewing of work programmes on specific topics within UNCTAD to the permanent intergovernmental machinery.

18. UNCTAD VIII should build on the platform provided by the UNCTAD VII consensus. It should seek to evolve explicit directions of international action in the medium-term, aimed at creating favourable conditions for the success of the national development efforts of developing countries, in the context of interdependence. Emphasis might be placed on strengthening multilateral disciplines in the international economy and making international economic systems and structures more responsive to development needs. Advantage should be taken of the current improvement in international political relations, the common quest for global security and - in particular - the rising wave of ecological awareness and the accompanying recognition of the need for socially-responsible behaviour by economic agents, public and private, in pursuit of sustainable development.

19. The agenda for UNCTAD VIII could include both current manifestations of long-standing problems and emerging concerns. Specific thrusts might be chosen from aspects of international commodity policy, systemic trade issues beyond the Uruguay Round and national trade and adjustment policies. Other possible topics were: development finance beyond the debt crisis and related issues of adjustment, transfer and development of technology, and - in view of the growing importance of services in the world economy - the enhancement of developing countries' participation in maritime and multimodal transport.

20. The twenty-fifth anniversary of UNCTAD would be an opportunity for member States to generate new political impetus to the work of the institution and to strengthen mutual confidence, as well as confidence in the institution itself.

21. The spokesman for the Group of 77 (Jamaica), commending the Trade and Development Report 1989, observed that year by year there was an improvement in its quality, and an increasing depth of analysis, as was evidenced by the attention the mass media had given to the Report.

22. The current session acquired a singular importance as it unfolded on the twenty-fifth anniversary of UNCTAD, and when the first steps in preparing for UNCTAD VIII were being taken. Furthermore, two recent events were of important relevance to the current session, namely, the Special Ministerial Meeting in Caracas to commemorate the twenty-fifth anniversary of the Group of 77 and the Non-Aligned Summit. Much of the analysis of the TDR bore out the interpretation of the current economic situation at those two events. The report indicated that the economic and social problems facing the Group of 77 countries were much more serious today than yet enunciated and that many of the classical solutions were not working. Nobody had a magical remedy. The problems were multifaceted and required multifaceted responses, and consequently multilateral solutions. The one point all could agree upon was that the current situation demanded a cohesiveness and totality of approach by all partners of the North and South in the common interest.

23. Despite the longest economic expansion of the post-war period enjoyed by developed market-economy countries, most of the developing world was left in a desolate state of economic stagnation or worse, with the disastrous results always being felt most keenly by the weakest of the developing economies. In this connection, he cited the declaration of the Non-Aligned Countries that the present asymmetry in economic and technological development could only be redressed through a balanced development of the entire international community and through efforts aimed at the broadest possible democratization of international relations, and that the fruits of development should benefit the largest segments of the population. The need was for structural adjustments in all spheres, in accordance with their development objectives and priorities, in order to respond to the challenges of advanced technology, specially the technology of tomorrow. The developed countries should not overlook that their affluence was not assured nor could it remain stable in an overall impoverished global environment. This declaration only illustrated how important was the task ahead in deliberations in the current Board.

24. Given the findings of the TDR, the item on interdependence deserved much closer attention. It was important to find a more innovative way of using deliberations on the item. The situation deserved better treatment and, most of all, action.

25. The item on arrangements for UNCTAD VIII should be stimulated by a review of the implementation of the outcome of UNCTAD VII, whose Final Act had been seen as a harbinger of a creative spirit of co-operation. Yet regrettably much of its letter and spirit had failed to be translated into practice and commitments.

26. As to the International Development Strategy, the Group of 77 remained convinced that the intergovernmental contribution of UNCTAD was what had to be put before the Ad hoc Committee of the Whole. His Group also looked forward to the commemoration of the twenty-fifth anniversary and also looked for a beneficial debate on the item relating to UNPAAERD.

27. Created by the pressing needs of the developing countries, which constituted by far the majority of humanity, UNCTAD's focus was only the development criterion of the societies deprived by history. There was a very special commitment of the Group of 77 to UNCTAD, both as an economic institution and as a political force, which remained undiluted. Never at any time had there been any wavering of this commitment in spirit or deed.

28. The spokesman for Group B (Finland) said his Group had been impressed with the secretariat's new ideas in the preparatory process for the session. Both the Informal Group on Interdependence and the Symposium for the twenty-fifth anniversary would undoubtedly help in the important deliberations on some of the most pressing issues facing the world. New elements had been taken up recently in the North-South discussions. The importance of market forces had been generally recognized. The question of the environment figured in the general debate, as was shown in the final document of the Non-Aligned Summit in Belgrade as well as in the communiqué of the Development Committee in Washington.

29. Noting the continuing improvement in the quality of the TDR, he said it provided a good basis for discussion. The explicit recognition of the varying situations of different developing countries was a new and welcome feature of the report. The increasing diversity within the group of developing countries was one of the most important and interesting trends likely to influence developments on the world economic scene. Different situations called for different policies and a study on the policy choices behind successful performance could increase understanding of what worked.

30. The TDR had traditionally offered policy advice for developed market-economy countries, which Group B welcomed as a useful addition to work going on elsewhere, notably within OECD, IMF and national administrations. Such policy advice would also be important in the case of developing countries.

31. His Group was looking forward to the twenty-fifth anniversary celebrations which were an excellent opportunity to exchange views on the future course this important organization should take for the benefit of all countries.

32. The spokeswoman for Group D (Bulgaria) expressed gratitude to the secretariat for the commendable efforts invested in preparation of the TDR 1989 and the other documents before the Board.

33. The present session marking the twenty-fifth anniversary of UNCTAD was an opportunity to pay sincere tribute to all who had worked devotedly for the materialization of the organization's principles.

34. Group D attached great importance to the current session which was an opportunity for a constructive dialogue on a number of important global issues.

35. The interdependence of countries and economic issues was growing, as was the awareness of countries of the need to manage it and to make international economic relations more predictable and stable. Group D expected the session to reflect on the ways UNCTAD could contribute in this respect.

36. Indebtedness, particularly that of developing countries, was a global problem, which needed thorough and continuous examination in UNCTAD. Group D equally attached great importance to the contribution of UNCTAD to the preparation of the International Development Strategy for the Fourth United Nations Development Decade and an early beginning of the preparatory process for UNCTAD VIII.

37. Her Group expected the session to evaluate objectively matters related to the LDCs, including the preparations for the Second United Nations Conference on Least Developed Countries, the UNCTAD contribution to the implementation of UNPAAERD, the assistance to the Palestinian people and other issues, and were ready to co-operate with the other regional groups towards achieving a successful and meaningful outcome.

PART I: RESOLUTIONS AND DECISIONS ADOPTED BY THE TRADE AND DEVELOPMENT BOARD AT THE FIRST PART OF ITS THIRTY-SIXTH SESSION [1]

A. Resolutions

		Item
374 (XXXVI)	Interdependence of problems of trade, development finance and the international monetary system	3
375 (XXXVI)	Debt and development problems of developing countries	4
376 (XXXVI)	Twenty-fifth anniversary of the United Nations Conference on Trade and Development	5

B. Decisions

		Item
372 (XXXVI)	UNCTAD's contribution to the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990	9
373 (XXXVI)	UNCTAD's contribution to the preparations for the International Development Strategy for the Fourth United Nations Development Decade	2
377 (XXXVI)	Arrangements and preparations for the eighth session of the United Nations Conference on Trade and Development	12
378 (XXXVI)	Review of the calendar of meetings	13 (f)

A. Resolutions

374 (XXXVI). Interdependence of problems of trade, development finance and the international monetary system

The Trade and Development Board,

Recalling General Assembly resolution 1995 (XIX) of 30 December 1964, resolutions 1989/110 and 1989/111 of the Economic and Social Council, the Final Act of UNCTAD VII and its decision 350 (XXXIV),

Reiterating the centrality and continuing importance of the debate on interdependence of problems of trade, development finance and the international monetary system,

Appreciating the efforts of the Secretary-General of UNCTAD to strengthen the debate on interdependence and the comprehensive analysis in the Trade and Development Report 1989, and the role of UNCTAD as an instrument of international dialogue and co-operation in economic and development matters,

Concerned that disparities in growth and development between countries, in particular between developed and developing countries despite growing interdependence, and satisfactory growth in a few developing countries, have considerably increased,

Concerned that the economies of the majority of developing countries, particularly the least developed countries, continue to be in a state of stagnation and regression leading to further decline in economic growth and development and increase of widespread poverty,

Convinced that these disparities and negative trends endanger world economic growth and stability,

Underlining the importance of structural adjustment and convinced that an external economic environment conducive to sustained growth and development, in particular of developing countries, is crucial for the success of ongoing domestic economic policy reforms,

1. Reiterates the pledge to a reinvigorated effort to strengthen multilateral co-operation to promote and give effect to policies aimed at revitalizing development, growth and international trade, and to enhance the effectiveness of UNCTAD as an important instrument of international economic co-operation;

2. Recognizes the acute need for appropriate intergovernmental and national actions for the handling of interdependence of problems of trade, development finance and the international monetary system in a comprehensive and broad-based manner to ensure mutual benefit for all, especially developing countries. In this context recommends that:

(a) Governments design and implement effective national and international policies and adopt measures with a view to promoting balanced and more evenly spread economic growth and development for the benefit of all countries;

(b) Governments engage in a more comprehensive, sustained and productive dialogue towards that end.

761st meeting
13 October 1989

375 (XXXVI). *Debt and development problems of developing countries*

The Trade and Development Board,

Recalling the Final Act of UNCTAD VII and General Assembly resolutions 41/202, 42/198 and 43/198,

Having reviewed, against this background, the ongoing international co-operative effort to deal with the debt problem and related issues of growth and development,

Concerned that a large number of developing countries experiencing debt difficulties, with serious social consequences, have recorded unsatisfactory rates of growth of output and development for many years, and that overall prospects for these countries are for a continuing unsatisfactory performance in 1989,

Welcoming the recent improvements and strengthening of the efforts to deal with the problem of indebtedness, including:

(a) The more favourable practices of the Paris Club in rescheduling the debt owed to official creditors by certain low-income developing countries;

(b) Recent decisions by the Boards of the IMF and IBRD on operational guidelines for the use of their resources in support of voluntary debt and debt-service reduction in debt owed to private creditors;

(c) The announcement by Japan that it would make available additional resources in support of these efforts;

(d) The efforts made by a number of other developed creditor countries including the recent decisions by some of them to forgive the official development assistance debt of some developing countries,

Concerned that outflows of resources from some heavily indebted, notably middle-income, developing countries have not been offset by the inflows necessary to finance their development effort,

Bearing in mind the Substantial New Programme of Action for the 1980s for the Least Developed Countries and the United Nations Programme of Action for African Economic Recovery and Development 1986-1990,

1. Agrees that the highest priority needs to be given to making rapid and effective use of the improved and strengthened debt strategy, in conjunction with appropriate economic policies and an improved international environment that, while arriving at durable, equitable and mutually-agreed solutions to the problem of indebtedness in each of the countries concerned, will facilitate the achievement of durable and broad-based growth and development. This will require, inter alia:

(a) The negotiation of financing packages adequate to support growth-oriented adjustment programmes, including, as appropriate, debt reduction, debt-service reduction, new lending and other techniques, so that the financial obligations and payment capacity of individual debtor countries are made more compatible; the combination of these elements should lead to a resumption of vigorous growth and development and satisfaction of the needs of the populations;

(b) The formulation and implementation by debtor countries of appropriate programmes of growth and development-oriented macro-economic stabilization and structural adjustment and reform which will necessarily be tailored to the specific needs and circumstances of the individual country, including the need to protect vulnerable groups and overcome economic disorders;

(c) Review by creditor Governments of tax, regulatory and accounting practices in order to remove unnecessary obstacles with respect to new lending to developing countries and debt reduction and debt-service reduction, to ensure that a supportive policy environment is achieved and maintained;

(d) Intensified efforts by industrial countries to pay special attention to the need for an increase in the exports of heavily indebted countries, undertake structural adjustment measures, maintain the vigour of their expansion while reducing and/or containing inflation, and work towards a mix of fiscal and monetary policies that would allow interest rates to come down, and hence induce a more favourable international economic climate;

(e) That all of the above elements are brought together in a way that bolsters confidence in the economic and financial prospects of individual debtor countries and in the strategy itself so as to create a climate favourable for an increase in investment flows;

(f) That all those involved take into account, as appropriate, the above in working towards a growth-oriented solution of the problems of external indebtedness of all middle-income countries with serious debt-servicing problems, including, inter alia, those whose debt is mainly to official creditors or multilateral institutions;

2. Underscores the importance of the ongoing discussions with a view that the international monetary and financial institutions be endowed with all the resources required to meet the needs of all their members, and in this connection, calls for a quick and successful outcome of the ongoing negotiations in the IMF and for early agreement on a substantial replenishment of IDA; in this same spirit, calls for a timely and successful outcome of the Uruguay Round of Multilateral Trade Negotiations;

3. Urges all developed donor countries that have not done so to take the necessary steps to implement fully and immediately section A of Board resolution 165 (S-IX) regarding adjustment of the terms on past ODA debt and further urges creditor countries, especially developed creditor countries, to implement fully the measures with respect to Paris Club debts called for in Trade and Development Board resolution 358 (XXXV);

4. Reiterates that, in implementing all the above, particular attention needs to be given to the special problems of the least developed countries and African countries.

761st meeting
13 October 1989

376 (XXXVI). Twenty-fifth anniversary of the United Nations Conference on Trade and Development

The Trade and Development Board,

Recalling General Assembly resolution 43/183 of 20 December 1988 and Board resolution 365 (XXXV) of 14 March 1989 on the twenty-fifth anniversary of the United Nations Conference on Trade and Development,

Acknowledging with appreciation the statements made and messages delivered on the occasion of the twenty-fifth anniversary of UNCTAD, as well as the activities organized by the UNCTAD secretariat to mark that occasion,

Adopts the following Declaration:

1. Positive conditions exist for strengthening international economic co-operation, including co-operation for development. The international political climate is propitious. Steady growth in global output and trade offers opportunities for progress in developing countries. None the less, substantial obstacles remain. Participation in the benefits of economic expansion and technological advance is unequal. Extreme inequalities of income distribution persist, poverty is widespread, vast human potential is wasted and ecological systems are threatened. Economic stagnation and retrogression prevail in a large number of developing countries. The problems of the least developed countries and those of African developing countries are particularly acute;

2. There is therefore no cause for complacency, but a basis and an urgent need exist for concerted national and multilateral action to attack the obstacles to a healthy, secure and equitable world economy. These obstacles will not be overcome by spontaneous economic forces alone. At both national and international levels, access to opportunities for the generation of wealth and income should be broadened, within a framework of rules and co-operative arrangements, based on consensus. All countries are responsible for contributing to the required action in accordance with their capacities and economic weights. UNCTAD can play a prominent role in this effort through analysis, new ideas, initiatives, dialogue, negotiation, decisions and technical co-operation;

3. From its roots in the mandate established by General Assembly resolution 1995 (XIX), the role of UNCTAD has evolved under the guidance of successive sessions of the Conference. The consensus embodied in the Final Act of UNCTAD VII continues to provide a valid framework for formulating specific policy measures. UNCTAD has responded to changing conditions, needs and orientations, while maintaining its universal character and its development mission. Important policy advances and agreements have been achieved through intergovernmental negotiation in UNCTAD and by the influence of its work on the thinking and decisions of Governments and other international forums. There is a need to strengthen further the impact of UNCTAD's work on national and international policy-making. To this end, member States should further encourage institutional linkages and bring specific national perspectives and interests more directly to bear in debates and negotiations, in order to forge durable multilateral solutions;

4. The main substantive challenge facing UNCTAD is to bring fresh thinking to bear on long-standing problems and new areas of concern, with a view to promoting innovative policy measures. It should do so taking full account of the interdependence of economies and of policy areas, of long-term structural changes in the world economy, as well as of the need for a more supportive and predictable international economic environment for trade and development, particularly of developing countries. It should also explore the policy implications of the diversity of the growth and development experiences of different countries, as well as of integration processes having a major impact on the world economy. UNCTAD should continue to pay special attention to economic problems faced in common by developing countries, notably in expanding and diversifying their production base and their trade in goods and services including their mutual trade, reducing commodity dependence, building financial, technological and transport capacities, coping with the debt burden and its consequences, adverse trends in resource flows, and undertaking adjustment programmes oriented to growth and development;

5. The future of the world economy and of international economic co-operation will be increasingly shaped by the exploration of different ways of integrating the pursuit of economic efficiency with broader national and international development objectives. While there is no universal criterion for determining the proper mix of economic management tools for stimulating economic growth and development, and a range of approaches and measures appropriate to particular situations are being applied, it is noted that more countries in all parts of the world are making use of market signals and competitiveness in promoting entrepreneurial initiative and in optimizing the contributions of the public and private sectors. A related factor will be the promotion of approaches to growth which would encourage sustainable development, responding to the needs of present and future generations of humanity. The eradication of poverty should have a central place in these endeavours. UNCTAD should make substantive contributions to multilateral co-operation in these areas, within its mandate. Moreover, the economic impact and opportunities of disarmament should command increasing international attention;

6. Committed to the objectives of UNCTAD, member States pledge themselves, individually and collectively, to rise to these challenges, to enhance their political support for UNCTAD and to make it a more effective and responsive instrument of international co-operation for trade, growth and development, particularly of developing countries.

761st meeting
13 October 1989

B. Decisions

372 (XXXVI). UNCTAD's contribution to the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990

The Trade and Development Board,

Recalling its decision 363 (XXXV) of 5 October 1988,

Taking note with appreciation of the steps that have been undertaken by the UNCTAD secretariat in implementation of Board decision 363 (XXXV),

Further taking note with appreciation of UNCTAD secretariat document TD/B/1222 on "UNCTAD's Contribution to the Implementation of the UN-PAAERD (1986-1990)",

Appreciating in particular UNCTAD's special needs appraisal missions to African countries, and calling for their continuation as well as their coverage of all parts of developing Africa,

1. *Reaffirms* the need to intensify and better focus the work of UNCTAD in the implementation of Trade and Development Board decision 363 (XXXV), particularly in areas of policy research and technical assistance;

2. *Requests* the UNCTAD secretariat to ensure that its future reports cover all the developing countries of Africa and that information on African countries beneficiaries of UNCTAD's interregional programmes directed towards developing countries should be identified in more detail for the purpose of getting a clearer picture of UNCTAD's contribution to the implementation of UN-PAAERD;

3. *Appeals*, in accordance with the United Nations General Assembly 1988 Mid-Term Review and Appraisal of UN-PAAERD with its emphasis on a mutual commitment and co-operation between Africa and the international community, to developed countries and multilateral institutions to enhance their support for the implementation of UN-PAAERD, including further voluntary contributions to UNCTAD's extrabudgetary resources in its contribution to the implementation of UN-PAAERD;

4. Decides to start preparation, at the first part of the thirty-seventh session of the Trade and Development Board, for UNCTAD intergovernmental input to the United Nations General Assembly final assessment of the UN-PAAERD in 1991.

761st meeting
13 October 1989

373 (XXXVI). UNCTAD's contribution to the preparations for the International Development Strategy for the Fourth United Nations Development Decade

The Trade and Development Board,

Recalling General Assembly resolutions 43/182 and 43/188 of 20 December 1988 and decision 371 (XXXV) of 22 March 1989 of the Trade and Development Board,

Takes note of the report of the secretariat of UNCTAD on the contribution of UNCTAD to the preparation of the new International Development Strategy contained in document TD/B(XXXV)/CRP.9/Add.1/Rev.1.

1. Decides to transmit to the Ad hoc Committee of the Whole of the General Assembly the above-mentioned report and the relevant part of its report containing the Board's deliberations on its contribution to the preparations for the International Development Strategy.

2. Decides further that, following the deliberations of the Second Committee of the General Assembly at its forty-fourth session on the International Development Strategy and the meeting of the Ad hoc Committee of the Whole in January 1990, consultations will take place under the chairmanship of the Secretary-General of UNCTAD to decide what subsequent action UNCTAD could take within the framework of the Trade and Development Board to contribute to the preparatory process of the International Development Strategy for the Fourth United Nations Development Decade.

761st meeting
13 October 1989

377 (XXXVI). Arrangements and preparations for the eighth session of the United Nations Conference on Trade and Development

The Trade and Development Board,

Having considered the information and suggestions contained in the note by the UNCTAD secretariat (TD/B(XXXVI)/CRP.4) as well as in the opening statement of the Secretary-General of UNCTAD at the first part of its thirty-sixth session, and noting the relationship between UNCTAD VIII and other events and conferences to be held during the biennium 1990-1991,

1. Agrees that UNCTAD VIII should be held in 1991;

2. Requests the President of the Trade and Development Board to undertake consultations on the location in Latin America and dates during 1991 of the Conference and to report thereon to the Board at the second part of its thirty-sixth session in order that the Board might make a recommendation to the General Assembly at its forty-fifth session, in accordance with past practice, rule 1 of the rules of procedure of the Conference, and the provisions of resolution 40/243 of the General Assembly;

3. Further requests the Secretary-General of UNCTAD, taking into account relevant views expressed at the current session of the Board, to undertake consultations as soon as possible on the agenda for the eighth session of the Conference, and, in the light of those consultations, to prepare a note including a list of items as provided for under rule 4 of the rules of procedure of the Conference, for consideration by the Board at the second part of its thirty-sixth session;

4. Decides to include an item on arrangements and preparations for the eighth session of the United Nations Conference on Trade and Development in the agenda of the second part of its thirty-sixth session.

761st meeting
13 October 1989

378 (XXXVI). Review of the calendar of meetings

The Trade and Development Board

Approves the calendar of meetings for the remainder of 1989 and 1990 and takes note of the tentative calendar for 1991. 2/

761st meeting
13 October 1989

PART II: SUMMARY OF PROCEEDINGS

Chapter I

UNCTAD'S CONTRIBUTION TO THE PREPARATIONS FOR THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE
(agenda item 2)

38. The spokesman for the Group of 77 (Tunisia) recalled that, since the Strategy had last been discussed at the twenty-fifth session, several important meetings had taken place, which had all reiterated the need for a more predictable international environment. This objective could not be reached in the absence of a real international dialogue, where the interests of developing countries would be taken into account. Elaborating the Strategy offered an excellent opportunity in this regard.

39. He mentioned that UNCTAD had received positive contributions from the Group of 77, Group D and China, and urged Group B to associate itself with the work of the Special Committee of the Whole.

40. Observing that document CRP.9/Add.1/Rev.1 constituted a good basis for the work of the Board, he stressed certain points that the Group of 77 considered as particularly important, and which were insufficiently reflected in that document, namely:

(a) the failure of the previous Strategy had been mainly due to the non-respect of their commitments by developed countries; the new Strategy should provide for the actual respect of consensually agreed commitments;

(b) the new Strategy, which should aim at revitalizing all the dimensions of development, should take advantage of the many important changes which had recently taken place in the world, and contribute to their consolidation through strengthened development co-operation;

(c) interdependence made development a common objective; however, the world economy was currently subject to a dualization process, whereby the gap between developed countries and developing countries was widening; this was largely because developed countries tended to formulate and implement their macro-economic policies without taking into account their foreseeable effects on developing economies, whose difficulties stemmed largely from massive imbalances in the world economy (including current account deficits run by large trading nations, negative net North-South transfers of capital, and distorting protectionist policies).

41. He recalled the Group of 77's statement at the previous session that interdependence should be the starting point of preparations for the new Strategy, and stressed that it was the view of his Group that UNCTAD was the only organ of the United Nations system able to elaborate the rules and principles necessary to manage interdependence adequately. He emphasized that the Final Act of UNCTAD VII contained valuable elements in this regard.

42. On behalf of the Group of 77, he proposed that an intergovernmental working group be established to prepare the detailed contribution of UNCTAD to the International Development Strategy, on the basis in particular of document CRP.9/Add.1/Rev.1.

43. The spokesman for *Group B* (Finland) observed that Group B had consistently held that the preparatory process for the IDS IV would take place in New York, and intended to continue to participate actively in it. Despite much progress, the *Ad hoc* Committee had not reached consensus at its second session on the structure or major themes of the Strategy, and this would have to be kept in mind when discussing the UNCTAD contribution.

44. Group B had noted the secretariat's contribution (CRP.9/Add.1/Rev.1) and as this would be discussed in New York did not intend to duplicate this work in Geneva. It was important to note, however, that the Group's views on the major themes, the underlying philosophy, as well as UNCTAD's role in the preparatory process differed considerably from those put forward by the secretariat. He pointed out that the special session of the General Assembly was likely to contribute to the general framework in which the Strategy would be shaped.

45. Discussing fundamental long-term trends which would affect international economic development in the next decade, he mentioned that: (a) trade, investment and financial and production structures tended to globalize and the increasingly interrelated and complex nature of trade, investment and technology, as well as the reliance of corporate decisions on complex networks and alliances, spurred this globalization, which, unlike traditional trade, blurred both national and corporate borders; (b) the absorption of new technologies by enterprises changed international patterns of competitiveness and specialization; (c) differences in the growth of labour supply would influence the location of industries and the choice of technologies; and (d) growing recognition of environmental problems was likely to influence policy orientations.

46. At the current early stage of preparations for the IDS, some broad elements undoubtedly appeared as important, such as poverty alleviation, achieving broad-based and sustainable non-inflationary growth, strengthening institutional and human capacities as the basis for self-reliant development, arresting environmental degradation, and restoring and strengthening the economic and financial basis for development. However, since elaborating these broad elements into agreed recommendations regarding national policies and international co-operation was ambitious, it would be important to focus on actions which Governments could take and not overload the process with proposals on international or institutional restructuring. In this respect the ideas in document CRP.9/Add.1/Rev.1 were not acceptable to Group B.

47. The diversity of situations called for differentiated approaches to growth and development, but that there was increasing convergence of opinions that all countries needed to pursue their structural adjustment efforts to increase their flexibility in adjusting to the fundamental long-term forces now at play. While development-supportive policies in OECD countries were vital, developing countries were responsible for determining their development objectives and the policies to meet them. The emergence of a strong private enterprise sector was an important element for the success of such policies.

He stressed the vulnerability of commodity-dependent economies, and the need for the weaker developing countries to strengthen their human resources, institutions and infrastructures, and to foster a more diversified market-based economy.

48. Group B felt the IDS should concentrate on the framework for national development policies and foster the effective working of international markets as an instrument of development. He recalled the need for adequate ODA flows in favour of the weaker developing countries and stressed the need for human resources development, as well as the importance of environmental policies as part of growth-oriented policies. There was a need for greater South-South co-operation. The capacities of developing countries to generate additional resources in favour of their own development process were important as well as the potential to reverse capital flight from these countries.

49. Adjustment and policy reforms by indebted countries were unlikely to be sustainable where the magnitude of the debt burden itself prevented these efforts from being translated into renewed growth and development. While the key principles of the recently evolved collaborative debt strategy remained valid, he noted important new developments in the quest to resolve the debt problem. He emphasized that developed countries could help the debtors by pursuing sound monetary, fiscal and structural policies (which would drive interest rates down and generate additional savings), and by ensuring that their markets were open to the exports of developing countries.

50. At the 757th meeting, the spokesman for the Group of 77 (Tunisia) introduced draft decision TD/B/L.869. It was decided that the question of the preparation of UNCTAD's contribution to the Strategy would be referred to a working group under the chairmanship of Mr. M.J. Lillis (Ireland), Vice-President.

51. The representative of China considered documents CRP.9/Add.1/Rev.1 and L.862 were a sound basis for the preparation of UNCTAD's contribution to the new IDS. The main goals of that Strategy should be to strengthen international development and co-operation and to promote the economic and social development of developing countries. For this, it should be global, adaptable and practical, and should include qualitative and quantitative targets, as well as provisions for action at the international, national and regional levels. UNCTAD could make an important input to this exercise in its area of special competence, including commodities, trade, development finance, transfer of technology, shipping, ECDC, inter-systems trade, LDCs.

52. To comply with the clear mandate in General Assembly resolution 42/188, UNCTAD had every obligation to make an effective contribution to the formulation of the new IDS, and the TDB should offer its meaningful support to the work of the Ad hoc Committee of the Whole.

53. As to the mechanism UNCTAD was to adopt to fulfil the mandate given by the General Assembly, he recalled that the Chinese delegation had already expressed its views in previous meetings, but was prepared to join other delegations in exploring new forms and ways through which UNCTAD could continue its substantive work in this regard.

54. The spokeswoman for Group D (Bulgaria) reaffirmed the positions on IDS as already expressed by her Group in consultations of the Secretary-General of UNCTAD. The 1980s could hardly be called a successful decade in the area of development (in fact, conditions had become much worse for many developing countries during this period), so it was now becoming increasingly obvious that the main issues in international economic relations needed to be addressed through the available instruments in the area of multilateral economic co-operation. Since UNCTAD was among these instruments, and actually the most representative forum in the domain of trade and development, it was a valuable tool in this regard.

55. She underlined that the new IDS needed to be carefully prepared and balanced, so as to promote stable development. It was essential that it stress the importance of the human factor, as well as that of more favourable international conditions vis-à-vis the necessary efforts to be made by the developing countries themselves. Stability and predictability in a more development-supportive international environment would thus be essential in this context. The Strategy should also promote an international climate which should contribute to the economic security of all countries. The ecological dimension should be considered in the Strategy, as well as the potential positive impact on the development process of reallocation of reductions in military spending towards civil activities.

56. She stressed that the success of the new IDS would depend on the ability to collaborate and on the complementarity of the different instruments available in the area of multilateral co-operation. UNCTAD, in contribution to the elaboration of the new IDS, should concentrate on trade, commodities, debt, technology and LDCs, considering these issues in the context of global interdependence.

57. The representative of Egypt underlined that, despite global improvement in the world economy, the 1980s had witnessed a deterioration of the situation of most developing countries and more impact of the economic policies of the developed countries on developing countries. The 1990s might offer a new opportunity to take an innovative approach in supporting the development efforts of developing countries.

58. He stressed the importance of reforming the structural and institutional mechanisms governing international economic and financial relations and of greater participation of developing countries in the decision-making mechanisms in different international economic areas, and mentioned that this would require a significant revival of the North-South dialogue along the lines proposed by President Mubarak of Egypt and the Presidents of Senegal and Venezuela and the Prime Minister of India in their joint initiative in Paris in July 1989. UNCTAD could participate in such an effort by making a significant input to the new IDS in areas such as interdependence, commodities, development finance, debt, and also promoting technological innovation, transfer of technology, international trade including favourable treatment of developing countries, human resources development, South-South co-operation including subregional and regional integration. Though he acknowledged the need not to lose sight of environmental concerns, he affirmed that this should take into account development requirements and objectives of developing countries. The delegation of Egypt further affirmed the need for

taking into consideration in preparation for the IDS economic co-operation and integration schemes among developed countries and new orientations in foreign economic policies of the socialist countries of Eastern Europe and their implications for developing countries.

59. The representative of Romania endorsed the Group of 77 statement on item 2. He stressed that, given the tendency of the gap between developed and developing countries to widen, the United Nations, and UNCTAD in particular, were expected to contribute to improving the situation of the developing countries. In this context, the new IDS should be a valuable instrument to promote a more development-supportive international environment. He expressed almost total support of the views expressed by the secretariat with regard to the possible contents of the new Strategy, but expressed concern that the IDS should not lean in favour of so-called market forces, on the contrary, the IDS should contribute to the strict observance of the inalienable right of each country to choose its own way of development. He underlined the necessity for the IDS to stimulate the formulation of a global political and economic solution to the debt problem through a revitalization of growth, and to encourage a restructuring of the existing financial and monetary system and a democratization of the activities of international financial institutions. He also stressed that the IDS should contribute to eliminate discrimination and protectionism in international trade, to facilitate the access of developing countries to advanced technologies to foster full employment and adequate housing for all by the year 2000 as well as adequate technical, cultural and scientific training for all, especially for youth. A detailed UNCTAD contribution to the elaboration of the IDS should be prepared urgently, in conformity with the General Assembly's mandate.

60. At the 761st meeting, Mr. M.J. Lillis (Ireland), reporting on the informal consultations carried out under his chairmanship, said that an initial lack of confidence among parties to the discussions had been overcome and the successful outcome was reflected in TD/B/L.884, which was submitted by the President.

Action by the Board

61. At the same meeting, the Board adopted draft decision TD/B/L.884 (for the text, see part I above, decision 373 (XXXVI)).

62. Draft resolution TD/B/L.869 was withdrawn by its sponsors.

Chapter II

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM
(agenda item 3)

DEBT AND DEVELOPMENT PROBLEMS OF DEVELOPING COUNTRIES
(agenda item 4)

63. The Director, Co-ordinator of Resources for Development Programmes, made a statement introducing these items.

64. The spokesman for the Group of 77 (India), speaking on item 3, drew attention to the growing relevance of the debate on interdependence, stating that the need for a holistic approach, in the common interest, would be a pre-condition for lasting global economic recovery.

65. He noted the asymmetry in the expansion of global output and trade, with the developed market-economy countries and a handful of Asian countries registering buoyant growth, while most of the developing countries continued to experience stagnation or deterioration in economic growth. The economic situation of the least developed countries, in particular, was assuming precarious dimensions. These contrasting images focused attention on the existing disequilibrium in the international economy and vitiated the validity of the trickle-down theory. That theory was predicated on unequal relationships, whereas the logic of interdependence reflected a mutuality of interests.

66. Developing countries were committed to progressive domestic economic and social programmes and a supportive external environment would be crucial to the success of such programmes. He then examined the elements of the international economic environment which were vital in supporting the efforts of developing countries to grow to a level where they could participate more fully in the world economy.

67. In the area of trade, developing countries would continue to be significant supporters of economic dynamism in developed countries which should in turn lead developed countries to provide greater and preferential market access to developing countries' exports on fair and remunerative terms. Instead, the multilateral trading system had been subjected to fresh strains and threats to its openness, viability and utility for the weaker trading partners. His Group hoped that the pledge made in the Paris Economic Summit Declaration of developed countries to reaffirm their determination to fight protectionism in all its forms and to oppose the tendency towards unilateralism, bilateralism, sectoralism and managed trade, as well as the commitments undertaken at Punta del Este, would be observed.

68. In the area of money and finance, the trend towards a decline in new concessional and non-concessional lending to developing countries had continued. This, combined with the significant debt service outflows from indebted developing countries, had led to a totally unacceptable and unjust situation of a net negative transfer of resources from developing to developed countries, with all its attendant consequences for these chronically

investment-starved economies. Urgent steps need to be taken to reverse this flow. This would involve a determined move by developed countries to increase their ODA to at least the internationally accepted target, if not more, a significant increase and improvement in the quantity and quality of concessional lending by multilateral financial institutions and encouragement to commercial banks to overcome inhibitions about new lending.

69. However, unless the debt crisis faced by a large number of developing countries was tackled in a more concerted, comprehensive and far-sighted manner, the resource crunch faced by these countries would not be eased significantly. While at the conceptual level, developed country creditors had accepted that the only way to solve the crisis was *inter alia* to reduce the stock and interest of developing countries' debt, practical steps taken so far had fallen short of hard decisions that alone could yield results.

70. Among other areas of concern were the volatility and maladjustments in exchange rates of major currencies, which had a crippling impact on the trade of developing countries and the lack of progress on the SDR question. He also stressed the key role of technological change and progress in the economic development of developing countries.

71. The spokesman for *the Group of 77* (Uruguay), said that, whereas in the industrialized countries economic activity was still expanding, the developing countries continued to suffer from the consequences of macro-economic disorder as described in the *Trade and Development Report, 1989*. The recovery of the industrialized economies had not made a substantial contribution to the resumption of growth and normal debt service of developing countries.

72. He noted that it was now recognized that reduction of debt must play a much more important role in the search for solutions to the debt problem. The proposal by the President of France, the Brady Plan and the announced intention of the Government of Japan to increase the resources available for debtor countries in the form of parallel financing, were positive steps as were the new guidelines adopted by the IMF and the World Bank. However, the country coverage of these initiatives should be extended, attention should also be given to the particular situation of those countries, for which market-based solutions were not feasible, and support for debt reduction should not diminish the international financial institutions' ability to meet the requests of other member countries for normal credits. Moreover, the criteria for eligibility tended to be too restrictive and the funds so far made available for debt-reduction operations were only half of what was needed.

73. An increase in the developing countries' payments capacity required, *inter alia*, that the negative net transfer of resources, including in some cases to the multilateral financial institutions, be stopped and that debt servicing be brought into line with the debtor countries' current capacity to pay. It was also essential that the adjustment efforts of the developing countries be supported by a substantial increase in financial flows from all sources. Creditor Governments should remove obstacles to debt-reduction operations and offer incentives to commercial banks to provide new lending. Moreover, mechanisms for Paris Club negotiations should be made more flexible, to allow also for debt reduction.

74. Prerequisites for strengthening payments capacity were the opening of developed countries' markets for exports of developing countries and the effective dismantling of protectionist barriers. The conditions established for loans often had the effect of liberalizing access to the developing countries' import markets, resulting in a singular imbalance between debtors and creditors. Until the situation was rectified it would be difficult to resolve the debt problem. The successful completion of the Uruguay Round of multilateral trade negotiations would benefit all developing countries.

75. The Group of 77 endorsed the proposal of the Ninth Summit of the Non-Aligned Movement that an appropriate forum under the auspices of the United Nations should be convened, with the participation of international financial institutions and banks, to review all aspects of the problem of external debt within the context of an improved environment for development.

76. The least developed countries continued to suffer from serious economic difficulties and totally inadequate living conditions. The volume of aid at their disposal was not sufficient and the adjustment programmes they had to carry out had often resulted in very high social cost and further difficulties for long-term development. In view of the serious problems faced by the least developed countries development assistance would have to be complemented by measures to reduce their debt burden, including a more comprehensive implementation of UNCTAD resolution 165 (S-IX). The most dramatic effect of the crisis was its extent and social cost; it was an insurmountable obstacle to the granting to the peoples of the developing world of better living conditions and was a serious threat to stability. This threat affected the entire international community.

77. The spokesman for *Group B* (France) observed that the prospects for sustained world growth in 1990 were good and that the risk of an acceleration of inflation appeared to have diminished. Recent balance-of-payments disequilibria, however, gave rise to concern; the adjustment process seemed to have slowed down, and even have come to a halt. New efforts on the part of both deficit and surplus countries were needed to bridge the gap between savings and investment and to reach more balanced external accounts. It was necessary to continue the fight against inflation and rising interest rates (which remained quite high and meant a heavy burden for the debt service of the developing countries). International co-ordination of exchange rate policies should be strengthened in order to improve, *inter alia*, the functioning of the international monetary system. The success of the Uruguay Round was essential to arrive at a more open international trading system and to fight against protectionist tendencies.

78. The situation of the developing countries was marked by a sharp differentiation - while the growth prospects for Asia were rather satisfying, the situation of the heavily indebted Latin American and sub-Saharan African countries was becoming worrisome. He recognized that the international economic environment and the natural endowments of different countries partly explained the differences in performance. But these factors should not be taken as an excuse for misguided economic management. A pre-condition for a revival of growth in developing countries was that domestic policies should aim at mobilizing domestic resources, opening up of national economies, attracting foreign investment and facilitating the return of capital.

79. On the part of the international community some progress had been achieved in increasing official development assistance to 0.35 per cent of GDP in 1988 up from 0.34 per cent in 1987. With regard to debt, he noted that already 13 countries had profited from the preferential treatment based on the Toronto Accord. Also, several OECD member countries had increased the grant element in their bilateral development assistance and had even cancelled exceptionally part of their outstanding loans in favour of the poorer countries. He pointed out that the reduction in the stock of debt and/or interest rates for those middle-income countries which adopted internationally approved adjustment programmes had been incorporated into the Debt Strategy. In addition measures were being taken in the industrialized countries to facilitate the participation of private banks in this strategy. The Bretton Woods institutions had already mobilized important resources for that purpose and would have at their disposal an increased capital base as the ninth revision of their quotas was due to take place before the end of 1989 - it should, however, not be envisaged that those institutions would reschedule their loans since this would weaken their creditworthiness. Finally, the industrialized countries were strongly dedicated to a full and expeditious implementation of the new debt strategy.

80. The protection of the environment, he continued, was a key question for the future of the planet. The developed countries should assume a major responsibility for reducing the propagation of dangerous wastes and the greenhouse effect. The developing countries should commit themselves in this matter and be supported in their efforts to protect the environment. He observed that the recent economic and social developments in some eastern European economies - mentioning Hungary and Poland - deserved special attention and active support.

81. The spokesman for Group D (Bulgaria) noted that the question of interdependence of problems of trade, development, finance and international monetary systems, as well as the question of debt and development problems of developing countries were among the most important issues facing the international community at this point of time. On the eve of the twenty-first century, mankind was entering a new historical stage - the stage of forging a universal, interdependent world with global and commonly held human values. The solution of the problem of the relationship between disarmament and development continued to play an important role on this new stage.

82. The Group D countries believed that global economic problems should be resolved on the basis of a universal dialogue. Although a number of contradictions existed in international economic relations, there were many common interests, which could serve as a basis for productive joint actions to the solution of such problems as: rehabilitation of the multilateral trading system; the search for the ways of settling debt problems; help to the process of development and its stabilization, first of all for the least developed countries and assistance to the integration process, etc.

83. To overcome the unpredictability and the uncertainty of the future tendencies of the world economy, an important role would be played by the economic policy of States which were major players in the world economy. Interdependence required more closer co-ordination of the policies of States, not only on a bilateral and regional, but also on a multilateral global

level. It could lead to greater predictability for the development of the world economy, which was an important pre-condition for ensuring international economic security.

84. Restructuring of economic mechanisms, initiated by a number of socialist countries would require noticeable efforts and means; it should be borne in mind in international economic co-operation. Success would depend first of all on effective mobilization of domestic resources by individual countries, as well as on a favourable environment. In this connection, he noted with regret that the protectionist and restrictive measures of a discriminatory nature directed against the socialist countries were still in force.

85. On the requirements of global interdependence of paramount importance was respect for the main principles and rules of international trade - the principle of non-discrimination, most-favoured-nation status and the fulfilment of agreed commitments. The principles reconfirmed in the Punta del Este declaration, in particular, should be taken into account for successful completion of the Uruguay Round. The Group D countries sincerely hoped that the Uruguay Round of multilateral trade negotiations within the context of GATT, would play a positive role in the process of liberalization of international trade and help to enhance the universality of that organization.

86. The solution of international debt problems was still not found besides some positive steps in this direction. Group D believed that the approach to the solution of these problems should be required considering the interests of both debtor and creditor countries. In the first instance efforts were needed to resolve the problem of least developed countries' indebtedness. It was essential that solutions to such problems should not ignore growth and economic development of these countries.

87. The in-depth analysis of the world economy in the TDR 1989 once again covered the debt crisis. Capital outflows from the developing to the developed countries were seen as a main cause of the aggravation of this problem, together with the deterioration of the terms of trade, exchange rates and interest rates fluctuations and commodity prices variations. He also noted that the secretariat had concluded that present prescriptions for the debt question were not a comprehensive solution and new ideas and initiatives were needed.

88. The representative of Yugoslavia, supporting the concerns and orientations on interdependence set out in the Final Act of UNCTAD VII, endorsed the assessment and the views contained in the Group of 77 statement.

89. Global interdependence was expanding and beginning to embrace new fields such as technology and the environment. Due to the fact that the domestic policies of the economically strong countries affected the economies of other countries, multilateral dialogue must continue with a view to co-ordinating macro-economic policies. As stated in the declaration of the Ninth Summit of the Non-Aligned Countries, interdependence should be based on equality rather than domination. Thus the present asymmetry in economic relations between developed and developing countries should be redressed. While the developing countries could not change the world by themselves, this world could not be

reshaped without them. Co-operation and dialogue, therefore, assumed a high priority. Interdependence also embraced the growing environmental problems and the relationship of disarmament to development.

90. Managing global interdependence required further analysis of the impact of the policies of developed countries on other countries, especially the developing ones. A dialogue between North and South at Summit levels on interdependence was encouraged by the non-aligned countries.

91. The representative of Canada said that it was now commonly accepted that an economic climate which provided incentives to work, to save, and to invest was the *sine qua non* of economic development. It was important that the developing countries continue their efforts to implement market-oriented reforms and that they be supported by the developed countries in every way possible. Sustained growth in the OECD countries was important, but its transmission to developing countries was only possible if the worrisome protectionist pressures in the developed countries were resisted, as was pointed out in the *TDR 1989*. It was vitally important to achieve major results in the Uruguay Round trade negotiations. In the area of financial flows, he underlined the importance of the quality of bilateral aid. His Government had now begun to provide all bilateral development aid on an all-grant basis. The recent agreements on resource increases for some of the international financial institutions should allow them to play a crucial role in the financing of adjustment in the period ahead, and in this regard he expressed confidence that early agreement on the ninth replenishment of IDA would be achieved. His Government, however, firmly rejected the recommendations of the *TDR 1989* that these institutions should provide concessional debt relief. As regards private financing, his Government had ensured that Canadian banks were well-equipped to contribute their fair share to making the debt strategy work. The incorporation of official support for actual reduction of debt stocks and/or interest rates had led to a significant strengthening of the debt strategy. Debt reduction would help indebted countries only if it formed part of a package of external financial support for strong adjustment programmes by indebted countries. For this reason, debt reduction should not be implemented prior to comprehensive macro-economic and structural economic reforms in the debtor countries, as was suggested in the *TDR 1989*. He did not think that macro-economic disorder in some countries had reached such a state that stabilization was impossible without prior debt relief. The fear of social discomfort should not become an excuse for inaction, as delay would bring even more hardship to the poorest sectors of the population.

92. The representative of the United States stated that the clearest challenge for UNCTAD was to reach a common understanding of why, in a decade of sustained world growth, certain countries had fallen further behind, and how to set things right.

93. While each developing nation was unique, economic success was not a fluke. Post-war history had shown that countries which had adopted the free market approach had outpaced their Statist counterparts. The 1980s had witnessed the gradual recognition of the need to adopt free market solutions to development problems and this recognition cut across traditional lines. The 1990s would be judged on how well these solutions were implemented.

94. However, this reform process could be supported. He cited the strengthened international debt strategy, debt relief and new support mechanisms as positive steps which opened a window of hope for developing nations. He was optimistic that the strategy would enable the debtor countries with appropriate policies to meet their financing needs.

95. He stressed that the key to spurring growth revitalizing development and improving living standards remained in the developing countries. In this area, UNCTAD could play a role by emphasizing local action to complement its long-standing focus on global action. Through careful analysis of successful national economic policies, UNCTAD could help increase understanding of the policies necessary to stimulate savings, reduce imbalances, eliminate wasteful regulation, invigorate private initiative, attract flight capital back home, and improve the foreign investment climate and competitiveness. UNCTAD could also stimulate studies on mutually beneficial trade and development and could help in the search for agreed solutions to development problems.

96. A more detailed exposition of the views of his Government was made available to the members of the Board in written form.

97. The representative of Poland said that his country was at a historical turning point. It was transforming itself from an authoritarian, centrally commanded country to a democracy and a market economy. To be certain of the success of such a policy, the country needed, besides the internal reforms, a hefty measure of international support. While, on the whole, Poland was a developed country, it shared many problems and economic characteristics with the developing nations; per capita income was low, foreign debt and inflation were high, and the economy was structurally unbalanced. The debate on interdependence and debt was thus of particular relevance for his country. The debt situation as it had evolved during the past two years, was characterized by two important features. First, the major debtors, in addition to insufficient liquidity, had begun to face impaired solvency. Second, a large number of indebted countries had realized that the debt problem could not be resolved by external action alone, but must be tackled primarily through internal market-oriented adjustment. There were also changes in creditor policies, especially the stress made in the Brady Plan on reduction of debt and debt services. The debt issue continued, nevertheless, to be considered in a short-term framework. A positive resolution of the debt problem depended upon placing it in a longer-term context, with adjustment programmes in debtor countries supplemented in the same package by debt relief measures that took into account debt-service capabilities created by adjustment, and with the inflow of new resources that would allow for adjustment to take place. He hoped that the IMF adjustment programme for Poland presently being discussed would be a viable one. It would require flexible, substantial and sustained relief by Poland's creditors. To be able to transform itself and recover, the Polish economy needed at least three years of suspension of the debt service burden. The country also needed access to fresh credits for economically viable, export oriented investment projects. He also looked to the World Bank to assume a triggering role in reactivating international financing for Poland. Poland was not seeking privileged treatment but the support it asked for would be in the best interest of the interdependent world economy.

98. The representative of China reviewed recent unfavourable economic developments which had led to greater unpredictability in the prospects for the world economy, particularly that of developing countries. Given the increasing interdependence among countries and issues, it was all the more pressing to intensify international co-operation and co-ordination in order to facilitate the stable and healthy development of the world economy.

99. Expressing China's views on some major issues, the first of which was the macro-economic disorder in developing countries since the beginning of the 1980s, he said the deterioration of the external economic environment was an important factor responsible for this disorder; the rise of international interest rates had increased the debt-service burden; the drastic fall of commodity prices had greatly reduced export earnings; and the debt crisis as well as the consequent substantial cut in financial resource inflows had resulted in serious shortfalls in development finance. All this had seriously impaired the development process of the developing countries. Moreover, structural adjustments carried out to adapt to a worsening external environment had led to domestic economic instabilities, and in some countries to social and political unrest. This state of affairs should not be allowed to continue. It had become urgent for the international community to help developing countries achieve stability and to revitalize their economic development. Developing countries should undertake domestic policy adjustment and reform. What was most important was that developed countries should help create a favourable external economic environment.

100. On the debt issue, he stated that the various new initiatives adopted by all the parties concerned, represented progress in alleviating the debt difficulties of developing countries. In particular, he welcomed the Toronto Agreement and the Brady Plan. However, implementation had been slow and they had serious limitations both in the number of beneficiaries and the scale of benefits, which meant that they could only serve as contingent measures. It would still be necessary to adopt other measures, such as debt rescheduling, provision of new loans, and debt and debt-service reduction for heavily indebted countries. The basic means of solving the debt problem lay in revitalizing the development of developing countries which would lead to increased debt servicing capabilities. A comprehensive and effective solution to the debt problem would require that debt be considered together with related issues. Thus, financial inflows to the developing countries should be increased; the reverse flow of financial resources should be checked; prices of commodities should be improved and stabilized; and markets for the products of developing countries should be further opened.

101. Finally, on trade policies of developed countries vis-à-vis developing countries, he took note of the continuous growth in export trade of developing countries in recent years, which could be attributable to trade policy reforms and export promotion efforts in these countries. However, at present, their exports, especially agricultural products and in-depth processed manufactures, were still seriously restricted by tariff and non-tariff barriers and RBPs set up by the developed countries, despite the latter's commitments relating to standstill and rollback of protectionism. Thus, trade policies pursued by developed countries were neither consistent with proposals for trade liberalization, nor with export expansion policies of developing countries and therefore needed to be readjusted. As for bilateral and regional trade arrangements concluded in recent years, he said that they warranted close study and serious treatment.

102. The representative of Tunisia said that the developing countries continued to face an adverse international economic environment; while the economic situation in Africa had slightly improved, it remained depressed and uncertain in many countries. At the same time Africa had transferred more resources to the IMF during the past few years than it had received from it.

103. The structural adjustment programme, which Tunisia had embarked upon in 1986, and which should revive private enterprise, had not yet attained its objectives. This was due to exogenous factors, such as erratic exchange rate fluctuations, an excessive increase in international interest rates and a reduction in foreign direct investment. The success of structural adjustment programmes in reviving growth without undue social cost depended largely on a favourable and predictable international economic environment.

104. The debt problem needed a political rather than a technical solution which had to be based on mutual responsibility of debtors and creditors. He welcomed recent initiatives by a few developed countries to ease the debt burden of certain developing countries. However, the country coverage of these initiatives was too restrictive to ensure a solution of the global debt problem. The Brady Plan actually penalized the middle-income countries, which had complied with their debt service obligations.

105. He reiterated the proposals Tunisia had made in 1988, which were designed to ensure that all developing countries could benefit from debt solutions; these proposals were in line with those of the Ninth Non-Aligned Summit in Belgrade.

106. The representative of France, speaking on behalf of the States members of the European Economic Community, said that for seven consecutive years, the world economy had experienced sustained growth. However, growth had not been evenly spread, as the heavily indebted middle-income developing countries and sub-Saharan African countries had not grown at the same pace. Moreover, the sustainability of current economic growth rates largely depended on continued control of inflationary pressures and reduction of existing current account imbalances in major industrialized countries. The imbalances were reinforcing protectionist measures and distorting the international recycling of savings inducing high levels of real interest rates. The increasing interdependence of the world economy called for a strengthening of international co-operation towards an equal distribution of benefits, effective macro-economic surveillance and the protection of the environment.

107. With regard to the debt problems of developing countries, he noted the recent strengthening of the debt strategy to deal with the debt of heavily indebted middle-income countries and renewed the commitment of EEC member States to support through the IMF and the World Bank, voluntary reductions in debt and debt-servicing, negotiated on a case-by-case basis. EEC member States also had paid due attention to the debt problems of low-income countries, particularly sub-Saharan African countries. Unilateral debt forgiveness had been applied in the cases of some highly indebted least developed countries. Following the Venice Summit of industrialized countries, progress has been made in supporting low-income countries, especially through the creation of the enhanced structural adjustment facility of the IMF and the implementation of the World Bank Programme of Assistance for Low Income Debt Distressed Countries in Africa. The EEC had also set up a programme aimed at providing quick disbursing balance-of-payments support to highly indebted

low-income countries in sub-Saharan Africa. Subsequently, following the Toronto Summit of industrialized countries, the Paris Club creditors had reached a consensus on options which provided a significant reduction of debt service payments for the poorest countries. However, further efforts were needed, including an increase of ODA and other resource flows to the poorest developing countries as well as more far-reaching debt reducing mechanisms.

108. In the area of international trade, he noted that the world economy would benefit from further trade liberalization and a strengthening of the multilateral GATT system. This liberalization should be further strengthened by the creation of a single European market in 1992. The single market would bring benefits to the EEC trading partners through an increase in import demand of EEC countries and through the completion of the EEC's commercial policy, which would make the EEC market even more open.

109. With respect to its developing trade partners, the EEC had adopted a number of special measures. The fourth Lomé Convention would include one major innovation, which was the formal incorporation of structural adjustment aid in the Convention, providing grants to finance either sectoral import programmes or general import programmes. In addition, the Community would consolidate and improve the existing trade régime, based on the principle of non-reciprocal free access for most ACP exports to the EEC. In the area of commodities, agreement had been reached on the key objectives of economic diversification and strengthening the processing, marketing, distribution and transport in the ACP countries. Rules concerning the use of Stabex transfers to ACP would also be reinforced in order to stress the structural scope of the system. He added that the EEC and its member States continued to support a multiple approach to commodity questions, which might include and combine, as appropriate and on a case-by-case basis, commodity agreements or arrangements well adapted to the real economic environment, compensatory financing for short-term export income shortfalls and especially measures to encourage diversification and higher productivity through sectoral restructuring programmes. He also welcomed the agreement reached at the first meeting of the Governing Council of the Common Fund.

110. The representative of the Union of Soviet Socialist Republics said that new tasks were emerging in the contemporary world, including the co-ordination of macro-economic policy of States, not only at the bilateral, but also at the multilateral level. UNCTAD was one instrument in the machinery of multilateral economic co-operation which could consider the whole set of problems of international trade and their close interconnection and interdependence. Accession to the GATT as a contracting party was defined in the long-term foreign economic stategy of the USSR. By its membership, the USSR would be ready to assume corresponding obligations and contribute to the improvement of the international trade policy environment. The USSR was ready to establish relations with the IMF, the World Bank, and OECD; its negotiations with EEC were progressing. The USSR had also expressed its interest in collaboration with FAO, EFTA and a number of other organizations.

111. Crucial importance was attached to the establishment of a dialogue with the leadership of the seven leading Western countries and the exchange of messages between President Gorbachev and President Mitterrand. The Soviet Union had begun a radical restructuring of its foreign economic mechanisms, adapting them to existing international practices; the draft of a

new customs legislation was nearly completed, it was envisaged to put into practice by 1991 a new customs tariff, as well as utilizing the nomenclature of the harmonized system for the description and coding of goods.

112. Despite considerable economic difficulties the Soviet Union was continuing to grant economic assistance to developing countries - in 1988 net ODA amounted to 1.4 per cent of USSR GNP (0.21 per cent for the LDCs). About 88 per cent of 1988 commitments were grants and subsidies and the overall grant element was 92 per cent. The Soviet Union supported UNCTAD's initiatives to solve the debt crisis and the development crisis of developing countries. His country also supported the idea of convening an international conference on monetary and financial issues. He expressed the hope that the realization of Soviet initiatives concerning the conversion of military production could help the alleviation of the debt burden. UNCTAD should participate in the study of this issue and elaborate concrete recommendations.

113. The representative of the World Bank stated that the external environment for development was largely shaped by the policies of industrial countries. In this respect, protectionism by industrial countries might be costing developing countries about twice as much in lost national income as they received in aid. However, while positive results could result from adjustment policies even in an unfavourable external environment, a supportive external environment would not foster growth if appropriate domestic policies were absent. This being said, the adoption by the developed countries of policies more supportive to developing countries adjustment efforts would improve the performance of developed countries themselves. On the design of adjustment programmes he recognized both the need to protect vulnerable groups from the short-term effects of these programmes and to integrate social and poverty reduction objectives in them. He stressed the importance of a rapid expansion of exports by developing countries to accelerate their growth and to grapple with the problem of macro-economic disorder. In this connection he welcomed the participation of developing countries in the GATT negotiating process.

114. Regarding debt, scheduled current debt service payments should be compatible with payments capacity and the future profile of debt service should be compatible with the return to orderly debtor-creditor relations. This could only be achieved through debt reduction and the provision of new money. World Bank support would be made on a case-by-case basis taking into account, *inter alia*, the strength of the structural adjustment programme and the severity of the debt burden. On capital flows, it was of central importance that developing countries adopt policies which would facilitate the flow and efficient use of external private and public resources. Where appropriate, commercial banks should envisage the provision of new money and participation in debt reduction arrangements. The World Bank would continue to play its role through the IFC, MIGA, the Expanded Co-financing Operation Programme and the SPA.

115. The representative of Nigeria stated that the prevailing uncertainty concerning the direction of the world economy could be attributed to global imbalances, the current stagnation in most developing countries and the debt overhang, which was the central element in the economic crisis of developing countries, particularly in Africa, during the last few years. In the case of Africa, the magnitude of the debt, its rate of increase and the debt service burden had become worrisome. At the end of 1988, estimated debt was $US 230 billion, which constituted 44 per cent of Africa's GDP. The

corresponding debt service obligations exceeded 38 per cent of export earnings, as a result of which, national priority programmes had been jeopardized. His delegation believed that the solution to the debt problem lay within the framework of growth and development. The reliance on debt rescheduling based on market rates for debt relief did not provide a lasting solution. It merely postponed debt service and caused the stock of debt to soar. Any meaningful proposal for a lasting solution to the debt crisis had to be based on the reduction of the debt and debt-service payments as well as a sustained and substantially increased financial flows on concessional terms.

116. He recalled the three-pronged approach for an enduring solution to the debt problems of developing countries which Nigeria put forward at the recent Non-Aligned Summit in Belgrade. His delegation believed that the responsibility of the debt problem should be shared by both the debtors and creditors. This joint responsibility required effective and timely implementation of the debt reduction schemes in order to remove uncertainties and facilitate economic policy management. He also welcomed proposals for an international conference on debt.

117. The representative of GATT noted the relevance of the discussions within the Uruguay Round to the question of interdependence. With respect to developing countries, a particularly important result of those discussions pertained to the liberalization moves agreed to for tropical products. Another result was in the area of dispute settlements; effective procedures here would ensure that the multilateral trading system provided a predictable basis for trade. A third result related to the review of the trade policies of each GATT contracting party.

118. The strengthening of the interdependence between trade and growth policies was an explicit objective of the Uruguay round. GATT was requested to approach IMF and the World Bank to explore ways to achieve greater coherence in global economic policy through strengthening GATT's relationship with other international organizations.

119. Three developments in GATT were relevant to the Board's debate; first, a large number of bilateral disputes were being brought to GATT underlining the resolve of Governments to solve their disputes in a multilateral framework; second, upon the initiative of several developing countries, a working group to examine problems of trade in domestically prohibited goods has been established in recognition of the interdependence between trade and the environment. In the third instance, many developing countries had applied to accede to GATT. Such actions would strengthen the multilateral trading system.

120. The representative of Turkey, stating that his country is a developing country, said that the world economy continued to face the problems of external debt and protectionism. The proposals of the IMF, the World Bank and Japan for debt reduction were helpful in the search for solutions to the debt problem, but in the long run the problem would need to be solved by trade liberalization, as no country could comply with debt service obligations without increasing external revenues. While domestic policies of developing countries, particularly fiscal adjustment and trade reforms, played an important role in achieving this aim, the developed countries could also help by bringing international interest rates down through a mixture of higher fiscal and easier monetary policy.

121. Turkey had been remarkably successful in the application of a comprehensive structural adjustment programme, relying on the free play of market forces and export-oriented policies, and he felt that the deliberations of the Board should contribute to a better functioning of the free-trading system.

122. He underlined the importance of the role of UNCTAD in the preparation of the new IDS. He concluded by observing that, in the future, UNCTAD should allow for the formulation of common interests of subgroups, sectoral groups and product-based groups, and should also try to seek market-oriented solutions.

123. The representative of Austria stated that his delegation had followed with great interest the discussion on interdependence of trade, development and financial markets. The very concept of interdependence implied a basic consensus on the rules of the game. Interdependence was able to grow when and where it met open political systems; it could not thrive in a climate of conflict and deep-seated animosities. The very progress of interdependence proved that, on balance, the forces of co-operation had been stronger. Despite deficiencies in practice, the elimination of all barriers to trade had remained a widely accepted long-term goal and institutions like the GATT showed the way forward. The market order was not man-made but originated in the interaction of those who were willing to submit to the principle of competition and that of supply and demand: principles which were two sides of the same coin. Today it was felt necessary to move towards more market economy and away from "constructivist" traditions. The belief in the feasibility of bureaucratic solutions had had largely disastrous results and it was time to return to a more modest evaluation of what Governments could and should do. Governments should concentrate on establishing a general climate conducive to economic initiative but it should be stressed that the economy is only a means to satisfy human needs. Governments should, therefore, define their non-economic priorities. Regarding environmental protection, sound environmental policies were not incompatible with the market and were as undistorting as a non-discriminatory tax system. Environmental legislation would also in the long run open up new production capabilities and stimulate rather than depress economic activity. The growth of interdependence was beneficial and, in the long run, inevitable. No country could hope to follow the path of development with inward-oriented policies. Shortcomings in the international trading system and in the monetary system had to be corrected in due time but Governments should exercise care in intervening not to distort the self-regulatory forces at work in a market-oriented economy.

124. The representative of Japan said that the past decade had witnessed growing interdependence of the world economy between economic areas, between countries and between economic, social and environmental issues. He welcomed the Secretary-General's initiative in convening a meeting of a group of eminent personalities to examine the interdependence question.

125. While recognizing the importance of external financial flows for the development of developing countries, he said more emphasis should be placed on developing countries' own efforts to implement sound economic policies. Japan had increased efforts to channel financial flows to developing countries, notably by doubling ODA for the period 1988-1992, as compared with the previous five years. In addition, his Government had taken several measures

to improve the economic situation of the world. First, Japan would expand its current capital recycling programme with the addition of more than $US 30 billion to the developing countries over a three-year period. Secondly, it had decided through the expanded capital recycling programme to support the strengthened debt strategy by increasing capital flows to the highly-indebted middle-income countries. Thirdly, Japan would extend its non-project type assistance for another period of three years beginning in 1990 on an expanded scale of about $US 600 million to low-income and debt distressed developing countries, expecially in sub-Saharan Africa. Fourthly, Japan would extend export credit on a more flexible basis to indebted countries, which were implementing adjustment programmes. At UNCTAD VII, Japan had proposed the convening of a group of eminent persons on financial flows, following which an Independent Group on Financial Flows to Developing Countries had been established (the Schmidt Commission), chaired by H.E. Mr. Helmut Schmidt and composed of 16 eminent persons from both developed and developing countries. Its report entitled "Facing One World" was now available and its recommendations deserved special attention.

126. At the 757th meeting, the spokesman for the Group of 77 introduced draft resolution TD/B/L.872. It was decided that consideration of item 4 would be taken up at the level of informal consultations.

127. The representative of Sweden, speaking on behalf of the Nordic countries, stated that, while marginalization had become a threat to many developing countries, economic interdependence continued to grow at the global level. There was a need to cope with marginalization and globalization in order to succeed in managing the dynamics of interdependence.

128. For most developing countries, a return to stable economic growth was indispensable to break the vicious circle of stagnation and underdevelopment. However, sustainable development required the full integration of economic, social and environmental concerns in the planning process.

129. In spite of the rapid expansion in world output, sub-Saharan Africa and the debt-ridden countries in Latin America continued to record negative per capita income growth. While this could be attributed, to a considerable extent, to external factors, it was nevertheless necessary that these countries adopt and maintain sound economic policies.

130. The debt burden in many developing countries had become economically and politically unsustainable. The Nordic countries, therefore, welcomed recent efforts to strengthen the debt strategy with debt reduction as a central component. It was important that the Brady initiative be implemented quickly and that private banks actively participate. The Nordic countries also welcomed the new role of the Bretton Woods institutions in supporting and promoting different instruments for debt reduction but there should be no further transfer of risks to these institutions. In addition, the financing needs of countries which had avoided debt-servicing problems through policy efforts should not be neglected and sufficient incentives should be provided to them to persevere in their efforts. They also hoped that other creditor countries would follow Japan's example in providing additional funds for the enhanced debt strategy.

131. On debt relief, the Nordic countries welcomed new measures such as the use of IDA reflows for the benefit of IBRD-indebted low income countries. They also favoured extending the Toronto menu to all IDA-only debt-distressed countries undertaking adjustment programmes. In the framework of concerted action, donors must increase efforts to provide external finance.

132. The economic policies of industrialized countries must be supportive of adjustment programmes undertaken by developing countries. Policies oriented towards sustainable growth in the industrial world were not enough; equally important was the strengthening of the open multilateral trading system. Defeating protectionist pressures must continue to have top priority.

133. Trade between developing countries represented a largely untapped potential with wide scope for further development. The promotion of trade on a regional basis was an important instrument in the development process. Finally, it was necessary to ensure that the outcome of the Paris Conference on the Least Developed Countries be reflected in the new International Development Strategy.

134. The representative of Yugoslavia reviewed the main conclusions of the Summit of the Non-Aligned Countries in Belgrade. The Summit had emphasized that international economic problems, including the debt problem, should be solved by intensifying international co-operation and through a process of constructive and productive dialogue between developing and developed countries. The debt problem represented the greatest obstacle to the economic and social development of developing countries and a durable solution to it would depend on the creation of favourable conditions for accelerated development and higher rates of growth of developing countries. Such an approach implied the improvement of the global economic environment, recovery of commodity prices, net capital transfers to developing countries, access by them to developed countries' markets and the continuation of economic reforms and structural adjustment in the developing countries according to their own development and social priorities. The most urgent measure to be taken currently was the implementation of existing initiatives aimed at reducing the debt and debt-service of debtor developing countries. For this, appropriate support from the international financial institutions was necessary. On the other hand, the developed countries should strengthen the co-ordination of their economic and monetary policies. He urged the early implementation of the new debt strategy based on debt and debt-service reduction. Yugoslavia strongly emphasized the need to reduce unduly high international real interest rates.

135. The representative of Czechoslovakia said that UNCTAD, during its 25-year history, had contributed to the better awareness of growing interdependence in the world economy, among both countries and regions and across trade, money and finance. It had become more clear that the effective management of this issue could only be feasible in an atmosphere of constructive co-operation and mutual understanding. Analysing the current problems of the world economy he emphasized that there was a natural and close linkage between the political climate and economic co-operation as well as between disarmament and development. The system of multilateral export control, which regulated many developed market-economy countries' exports to socialist countries, negatively affected steady and normal development of economic relations - not only with their partners in the West, but also in the South. Czechoslovakia, too, as a country with a limited economic potential, was affected by the problems of

international debt. The payments shortfalls from outstanding credits to the developing countries obliged Czechoslovakia to finance an increasing part of its imports to the detriment of its own indebtedness. Nevertheless, reschedulings and arrangements for repayments by goods against outstanding debt, as well as the possibility of the use of assets as equity for joint ventures, had been adopted in order to alleviate the debt problems of different developing countries. Within its possibilities, Czechoslovakia continued to provide economic assistance to the developing countries: its total volume in 1988 represented 1.06 per cent of national income.

136. The Czechoslovak economy was in the process of a restructuring in which the major trends were based on the new relationship between planning and market. Economic objectives were to be realized mainly by economic methods, instruments of financial and monetary credit and wage policies. This process was directly bound up with changes in the foreign trade system. A series of measures had been taken, designed to decentralize this system and increase its flexibility and transparency. In order to attain convertibility of the national currency, a set of measures had been adopted in the field of monetary, fiscal and price policy.

137. The representative of Brazil stated that an assessment of recent developments in the area of international trade, money and finance revealed a sharp asymmetry in the economic performance of developed and developing countries. Most of the heavily indebted developing countries had experienced economic stagnation throughout the 1980s, largely due to the crushing burden of foreign debt. The debt overhang, combined with the sizeable trade surpluses, had put enormous pressure on the public sector of the indebted countries, curtailing both private and public investment. For growth to be redressed a lasting solution to the debt crisis was a sine qua non. Recent developments on the part of creditor Governments, such as those elements in the Brady Plan recognizing debt reduction as a key ingredient of a solution to the debt problem, allowed for hope. The allocation of the Government of Japan of its trade surplus to provide financing for debt reduction operations, was also positive. However, with more active involvement of international financial institutions, not only in the negotiating process but in the mobilization of additional resources in support of growth-oriented adjustment, the Brady Plan would be strengthened. This strengthening would require greater participation on the part of creditor Governments by including debt reduction within the Paris Club negotiations. For growth-oriented adjustment, the resumption of new lending to debtor countries by private banks, even greater involvement of the official sector, and a supportive external economic environment was a necessary condition. The successful completion of the Uruguay Round was particularly relevant for the strengthening of the multilateral trading system, the dismantling of protectionism, and the reversal of present trends towards unilateralism and managed trade. The successful implementation of adjustment programmes should not, however, be made a prerequisite for the concession of debt reduction, since the latter could facilitate the reform in indebted countries.

138. The representative of Australia stated that UNCTAD was a focal point for conceptual analysis on development issues as well as a forum for negotiation. Through its technical assistance, it also supported the process of development. UNCTAD had made notable achievements despite becoming embroiled in the conflict of North/South ideologies, not of UNCTAD's making. He maintained that his country would continue to actively participate in UNCTAD's

work. He was pleased to see that discussion on interdependence was being undertaken while relations with IMF, World Bank and GATT were being strengthened. He stated that the views of the poorer countries, which could easily be overlooked, must be heard. UNCTAD could make a substantial contribution in this regard. The Board's deliberations should seek to establish a consensus which allowed for all priorities and established a balance among them. The importance of interdependence was demonstrated through the fact that the continued imbalances in the world monetary and foreign exchange markets had led to high real interest rates which was a major factor behind the debt crisis of the 1980s. Also, protectionist policies distorted world agricultural markets and thus adversly affected developing countries. His country fully supported the Group of 24 communiqué which stressed, inter alia, that industrial countries undertake trade-oriented parallel reforms to improve access to their markets. Trade liberalization was the most effective measure to improve global economic prospects and the Uruguay Round could expand the frontiers of an open multilateral trading system benefiting, intimately, developing countries. He expressed his country's concern regarding the human cost of indebtedness and the impact of some structural programmes in many developing countries. A lasting solution to the debt problem largely depended on policies in both developed and developing countries and expanding and predictable access to international markets. He stated that correction of fiscal imbalances in developed countries could provide developing countries with a more predictable external environment. In addition, the level of financial flows to developing countries should improve.

139. The representative of Sri Lanka said that economic growth in developing countries needed to be accelerated by revitalizing the world economy. Structural adjustment programmes and other domestic reforms had to be supported by additional external resources. Over the past few years, the flow of resources to developing countries had turned sharply negative and investment in these countries had declined dramatically. The resulting concentration of growth in developed countries had to be reversed. Foreign capital had to be made available more in the form of concessional aid than on commercial terms. Concrete measures needed to be taken to reach the United Nations target for ODA in the next development decade, and to substantially increase the grant element for the poor countries. He reiterated the statement in the Arusha Declaration of the Group of 77 that the resource transfer required for developing countries was on a scale comparable to that received by Europe for post-war reconstruction.

140. Debt rescheduling exercises must be accompanied by new money; recent steps towards debt or debt service reduction were welcome, but they did not go far enough for solving the debt crisis. While the developing countries had liberalized their trade, they still encountered protectionist barriers.

141. He emphasized the need to alleviate poverty in the developing countries; failing which the stability of the whole world was threatened. The large number of unemployed youths needed to be trained, and a transfer of technology was required to increase the efficiency of the labour force.

142. There was an urgent need for monetary co-operation to stabilize the exchange rates of the major currencies. A new SDR allocation and linking SDRs to development finance could accelerate growth and help to reduce the debt burden. It was also important to double IMF quotas and to replenish IDA and the concessional windows of regional banks.

143. The representative of Bangladesh described the 1980s as a decade of serious disappointments, bordering on despair, for a majority of developing countries, particularly for the LDCs. Underlying the precarious situation in these countries was the reality that all important elements for sustained development were stalling. The recent Non-Aligned Summit in Belgrade had expressed grave concern at the serious deterioration of the economic and social situation of the LDCs and had called for international support for their growth and development. He noted that structural adjustment programmes were being implemented in many of the LDCs. These programmes designed to stave off balance-of-payments crises, while attempting to meet debt obligations, invariably cut deep into government spending and had not produced the desired results. Too great an emphasis had been placed on restoring economic and financial stability and not on the need to maintain an essential minimum of investment in infrastructure, equipment and human resources. Moreover, the time-frame was often too short.

144. While its economy remained predominantly agrarian, Bangladesh had launched export-oriented trade and industrial policy which had resulted in a modest widening of its export base. Given unhindered market access, Bangladesh now had the capacity to export a number of non-traditional items, including ready-to-wear garments. But, regrettably, both tariff and non-tariff barriers stood in its way and throttled its efforts to diversify its exports. Bangladesh had been implementing structural adjustment programmes since 1983 with the expectation that they would serve as catalysts to attract additional external resources. There was very little evidence that this had happened. However, net disbursements and indebtedness had increased. The debt service burden was already very heavy and the country's future import capacity would be further impaired if the present trend in aid continued and if export growth continued to be impeded by restrictions on market access.

145. A supportive international environment was necessary for accelerated growth, particularly in the LDCs. Such support would require substantial debt write-off; increased flow of resources on concessional terms; free market access for their export products; and the adoption of appropriate complementary measures to help broaden the production and export base of the LDCs.

146. The representative of Cuba said that the past few years had witnessed the steps taken towards achieving an atmosphere of détente in the solution of some conflicts between the great Powers. It had been expected that these positive signs would contribute to the solution of the problems faced by the underdeveloped world; but it had not been so. He said that the economic situation of these latter countries continued to be depressed and governed by the problems of debt, terms-of-trade deterioration, protectionism and unfair trade. In 1988 there had been a sharp disparity in economic performance of the developed and developing countries. Referring to the declaration of the recent Summit of the Non-Aligned Countries, he said that there was a need for reaching reforms in the world economy which would contribute to more stability and accelerate development.

147. They had repudiated recourse to economic, political or any other type of coercive measures, as well as their implementation by some developed countries, such as imposing embargoes, trade constraints, blockades, freezing of goods and other economic sanctions. He recalled that his country had been,

for more than a quarter of a century, a victim of an economic blockade imposed by the United States, thus hindering the establishment of an atmosphere of peace and good neighbourliness. As to the arduous and complex process of the Uruguay Round, attempts to modify the nature of GATT created a serious feeling of uncertainty among developing countries. The outcome of the negotiations on intellectual property, for instance, could vitally affect the development and future options of the developing countries. Progress in traditional areas was slower than in new ones and he stressed that it was precisely the traditional areas that were of vital importance to the developing countries, this being the reason for them to centre their hopes and expectations on a true liberalization of trade in these areas. The encouraging panorama described by the economic results of industrialized countries in 1988 was quite different from the prevailing crisis in the economies of the developing countries. United Nations studies themselves showed that the per capita middle income of the industrialized countries was 50 times higher than that of the least developed countries and that the mere annual growth of the richest countries represented more or less the total annual per capita income of the poorest countries, that was to say 300 dollars.

148. Given the close interdependence of trade, money and finance, and development, solutions to the debt problems of the developing countries should be sought in UNCTAD. So far, approaches to the debt problem, based on case-by-case negotiations had served to help the creditor banks, but led to economic deterioration, political turmoil and the killing of hundreds of people.

149. He said that monetary and financial instability and the external debt was not only an impediment to growth and development, but also a new form of economic colonialism. The net transfer of resources from Latin America to its creditors in the past years was equivalent to 4 per cent of annual GDP.

150. Concluding his statement, he said that recent debt proposals indicated that it was now recognized that the debt could not be repaid and that the only solution to the problem was full debt cancellation and the introduction of a new international economic order.

151. The representative of Romania, having associated his delegation with the Group of 77 statements on items 3 and 4, noted that recent growth in world trade and production was unevenly distributed and remained fragile. The gap between developed and developing countries was widening. Serious problems such as the debt crisis, unfavourable financial and monetary conditions, persistence of protectionism and deterioration of the terms of trade of developing countries were blocking world growth perspectives, mainly of the developing countries. Net negative financial transfers seriously affected the economic and social progress of indebted countries.

152. He said that, by mobilizing its entire material and human resources, Romania had succeeded at the end of March 1989 in eliminating the debt burden without endangering its economic development and the income of its population. The increasing interdependence between States and between different sectors required an intensification of multilateral co-operation to solve international economic problems. UNCTAD, given its universal membership and its broad mandate, could make an important contribution in this respect. International economic co-operation should be based on the respect of the right for each State to implement economic and social development in

accordance with its own sovereign option and historical and social conditions. The international community should eliminate measures aiming at putting conditions on the establishment of trade and economic co-operation, imposing privatization of the public sector as well as free market mechanisms and other structural changes related to capitalist economies. UNCTAD should focus its activities on ensuring favourable external conditions for growth and development rather than concentrating on domestic policies. Assistance by the international community should benefit all developing countries, although special measures were needed in favour of the least developed.

153. A global economic and political solution of the debt problem required participation on the basis of co-responsibility of debtor and creditor countries as well as financial institutions. Romania had made proposals to limit the interest rate on new credit to 4 to 5 per cent and to recalculate the existing debt on an interest rate of 2 to 3 per cent. Net negative financial transfers from developing countries should be reversed. Increasing resources for development could be secured through a reduction of military expenditures, an increase in the resources of multilateral financial institutions and a new allocation of SDRs. In extending new loans, priority should be given to the public sector, which better met the development requirements and ensured more secure repayment conditions. An open, non-discriminatory multilateral trading system should be established on the basis of equitable rules. Efforts should be made to assure full success of the Uruguay Round and to improve the GSP, while trade restrictions imposed for political reasons should be eliminated. Reasonable and equitable prices for primary commodities should be sought and measures should be taken to facilitate the access of developing countries to high technology.

154. The representative of Switzerland stated that the growth in the world economy had been sustained through 1989 but was still unequally distributed. While growth in industrialized countries and in developing countries of Asia had been strengthened, in developing countries of Africa, and particularly of Latin America, it remained disappointing. Such a divergence underlined the need for further major efforts to eliminate trade and budgetary disequilibria, reduce the debt burden and bring improvements in the multilateral trading system which would reflect the increasing interdependence between countries. To this end, negotiations within the Uruguay Round were a real opportunity to arrive at greater openness of world markets. Some progress has been achieved in the area of agriculture, textiles, intellectual property and safeguards. However, much more effort was needed to increase access to exports from developing countries to the markets of industrialized countries and to reinforce the position of developing countries in the multilateral trading system. By the same token, only collective efforts could provide durable solutions to the debt crisis. Some progress had been made as witness the Toronto options to deal with the debt of the poorest and most indebted countries and the Brady Plan. Nevertheless, debt would remain a major problem for the coming years and realistic solutions, adapted to the specific situation of each country, should be found. Efforts by developing countries to implement structural adjustment measures would be crucial to the realization of further progress. The interaction of external and internal factors was determinant for the success of structural adjustment programmes. Industrialized countries should in that respect also adopt more balanced policies. Solutions to the problems Governments were facing could be found only by a common action on three levels: reinforcement of the multilateral trading system; elaboration of debt strategies and availability of new external financial resources; and improvement of national economic policies.

155. The representative of Hungary, summing up the analysis of the current international economic situation in TDR 1989, said that favourable developments and new approaches in certain areas had none the less failed to break the uncertainty prevailing in the world economy. Under these circumstances, interdependence acquired special significance. In order to manage interdependence, national policies and international co-operation should be made consonant and mutually reinforcing. Actions, whether individual or collective, in a given field, should be elaborated with due regard to the manifold interlinkages.

156. Reviewing radical changes affecting all facets of the national economy and also political institutions said his Government firmly believed that structural adjustments in the economy should be guided by market impulses. The objective was to create conditions for and to promote the evolution of an efficient market economy. To that end, a basic change in the forms of ownership was essential. Privatization, the promotion of entrepreneurship and deregulation constituted an integral part of that process. The external indebtedness of Hungary had put serious strains on the implementation of economic reform measures. Nevertheless, the Government was resolved to meet all its debt-servicing obligations. He said Hungary expected that countries fulfilling their obligations would not be treated less favourably than those asking for debt reduction.

157. He stressed that while the success of the reform process depended primarily on internal efforts, a favourable external, especially trade environment with increased market access opportunities and improved trade policy conditions was also indispensable. In that context he appreciated the measures and initiatives taken so far in support of the Hungarian reforms. He also expressed the hope that this co-operation would help Hungary in achieving the fullest integration of the country into the world economy with special regard to substantial developments taking place in Europe.

158. He called upon UNCTAD to continuously adapt its working methods. Action-oriented discussion should be based on thorough and objective analyses of individual situations, needs and interests. On the other hand, innovative negotiating techniques should be explored which would allow maximum interaction among countries on the basis of problems and interests in common.

159. The representative of Indonesia noted that recovery was still uneven - developed countries had enjoyed strong growth in recent years, but it had not brought a favourable effect on the economies of developing countries. Most developing countries were still suffering from stagnation, a heavy foreign debt burden, deteriorating terms of trade and negative net transfer of resources. Furthermore, developing countries' exports to the developed countries were still encountering a wide array of protectionist barriers. Concerted efforts, therefore, should be made to promote development in developing countries, for the benefit of both developed and developing countries.

160. The revitalization of the development process and the maintenance of growth-oriented structural adjustment programmes in the developing countries required, among other things, a substantial positive transfer of resources and an improved external economic environment, including an amelioration of the international trading and monetary system. To this end, it was essential that the international financial institutions considerably strengthened their resource base, particularly on the occasion of the ninth replenishment of IDA.

161. The Uruguay Round should take fully into account the interests of all countries, particularly of the development needs and objectives of the developing countries. It was of vital importance that all countries, particularly the developed countries, resist protectionist pressures and honour their commitments to roll back existing non-tariff measures. Finally, he welcomed the recent initiatives aimed at strengthening the debt strategy. On the Toronto measures, he supported the UNCTAD proposal to extend eligibility to all least developed and other IDA-eligible countries, and possibly to middle-income countries burdened by official debt and to increase the degree of concessionality of these measures. Furthermore, he stated that efforts to reduce that burden should include both official and commercial debt and should embrace all developing countries, in order to enable them to continue their efforts to sustain the momentum of their development.

162. The representative of the Ukrainian SSR observed that in elaborating measures to overcome the current unfavourable situation in international economic relations, the international community had to start from a recognition of the necessity of co-ordinated, complementary actions on the national, regional, and international levels. The co-ordination of macro-economic policy of States should also be improved and effective use be made of the existing machinery of multilateral co-operation, first of all in the United Nations, its bodies and specialized agencies.

163. His delegation was deeply convinced that the issues of underdevelopment and of ensuring stable growth should be viewed in their complexity, taking into account the possibilities, conditions and particularities of specific countries. That was why he could not agree with statements at the current session that only the opening of the doors to market forces and private initiative could be the key to the solution of the problems of development. His delegation believed that to ensure socio-economic progress one had to aim at a rational and harmonious combination of all the sectors of the national economy: State, private, and co-operative sectors, small-scale enterprises, etc.

164. Commenting on the interpretation in the TDR 1988 of the problems of international indebtness, he noted that the plans and programmes aimed at resolving it, as well as national and international efforts for their realization had been insufficient up to now. The complex solution of this acute current problem could be found only on the basis of taking into consideration mutual interests and the common responsibility of all concerned. It was necessary not only to overcome the actual crisis in this field, but also to elaborate a complex of guiding principles which could provide favourable conditions for new lending and ensure the avoidance of a build-up to a new crisis.

165. The representative of India, speaking on behalf of the Group of 77, welcomed the lively and engaged debate on interdependence in the current session and expressed the hope that this kind of interchange would lead to a common definition of problems and to agreed solutions, resulting in action by all actors in the global economy - at the national and international level. He specifically responded to some of the points raised during the debate by some delegations.

166. Firstly, he noted that despite the sustained growth seen by developed and some developing countries, the majority of developing countries had not benefited from expansion in world output and trade and, in fact, were facing an economic, social and political crisis due to the systemic malfunctioning of international arrangements which governed flows of international trade, money, finance investment and technology and over which they had no control. Identifying the elements responsible for this decline and crisis he called for an approach that would address such constraints effectively to assist these economies in breaking out of a vicious into a virtuous circle, without advancing individual models as a universal panacea as the context of each economy was unique.

167. The fact that States must pursue policies that optimized the use of resources, encouraged productivity and entrepreneurship, avoided wasteful investment and encouraged the innovative spirit in general, was not an argument in favour of disengagement by the State but rather a prescription for effective and enlightened State intervention policies. Many instances of economic success stories could be ascribed as equally, if not more, to effective State management and guidance of the economy, as to free enterprise. Concepts such as the magic of the market-place unrelated to a supportive external environment or domestic social imperatives related to the satisfaction of basic needs, health, education, equity and social justice, would not work. Market forces could generate economic growth per se but need not act as generators of development in a wider sense of the term because it might not be adaptable to the conditions of poor countries where it was impossible to uproot poverty only through the liberalization of a market in which the poor might not be able to participate. A free market in a developing even more than in a developed market-economy country could create oligopolistic structures where economic power groups were not confronted with social forces strong enough to check their behaviour. The resulting concentration of resources would be the very antithesis of a free market, with socially unbearable and politically untenable consequences. In developing countries particularly, therefore, some amount of State supervision, regulation and management of economic activities was necessary because of the widespread prevalence of market imperfections, externalities and deficiencies in risk-taking and entrepreneurial ability in the private sector as well as the need to set strategic and technological priorities for development.

168. The difficulty in perception lay in that the developed and developing worlds were caught in different time-frames and stages of growth and development. The dialogue desired by the developing world was towards a macro-economic dispensation which would permit the creation of circumstances necessary for growth and development.

169. The role of market forces in development should be looked at with pragmatism and in the light of feasible alternatives available to each developing country. No single development model could be applied universally.

170. The development dialogue in UNCTAD or in other forums should focus on the domestic policies of those countries with a major impact on the global economy. The fundamental theme of the development dialogue had been, and must continue to be, what could be done at the global level by developed countries to ensure economic growth for all countries, especially developing ones.

171. To facilitate a constructive engagement by all sides on the theme of interdependence, the Group of 77 were introducing a draft resolution on the subject (TD/B/L.880). In the statement made on behalf of his Group on this agenda item, the pressing necessity for an integrated approach to the major issues in global economic life had been adequately brought out.

172. An analysis of the economic history of developed market-economy countries showed that development in their economies could not have taken place without a supportive external environment or without a judicious involvement of the State.

173. Progressive domestic reforms and policies, to be productive, had to be nurtured and the focus in UNCTAD had to be on the supportive elements in the external environment.

174. The Group of 77 looked forward to an intensification and strengthening of a constructive debate within UNCTAD on interdependence, with the organization playing a major role in the dialogue on multilateral co-operation for development.

175. The representative of the Philippines recalled the various studies dealing with the harsh structural adjustment and reforms her country was undertaking. Alleviating the inequity in income distribution and pervasive poverty remained the fundamental goal of national efforts. While the adjustment measures following the restoration of democracy had contributed to remarkable economic recovery in 1987 and 1988, structural difficulties persisted.

176. The single most debilitating factor which continued to plague the economy was the $US 28.4 billion foreign debt. In 1988 net resource transfer was $US 1.94 billion, while the total debt-service burden amounted to $US 2.98 billion, of which $US 2.04 billion represented interest payments.

177. Referring to document TD/B/1231, she said that the reduction of the debt and debt-service burden was an essential ingredient of growth- and development-oriented adjustment programmes. In the 1980s the burden of debt adjustment was concentrated on debtor countries and positive results were achieved at high social cost. Policy co-ordination among industrial countries had been inadequate in creating the environment conducive to the needs of developing countries. There was an urgent need to achieve symmetry in adjustment for all parties concerned.

178. The Philippines welcomed the recent flexibilities in the debt strategy, with debt reduction as an accepted concept. In April 1989, it had successfully obtained IMF assistance for its economic programme for 1989-1992. This paved the way for the launching of the Multilateral Assistance Initiative for the Philippines and the debt restructuring talks at the Paris Club and with commercial bank creditors. It looked forward to the implementation of the package of debt reduction-cum-new money flows recently agreed in principle with the Bank's Advisory Committee. Finally, she hoped that the draft decision sponsored by the Group of 77 calling for the establishment of an International Advisory Commission on Debt and Development would be adopted by the General Assembly at its current forty-fourth session. She stressed that the creation of this Commission would contribute to the search for a durable solution to the debt problem.

179. The representative of Afghanistan said that UNCTAD had played an important role in international economic co-operation, both as a source of new thinking and as a forum for negotiations. Noting the widening gap between rich and poor countries, he said the world economy had been marked by increasing indebtedness of some countries, monetary instability, balance-of-payments problems, and protectionism. The populations in the majority of developing countries were living in minimal conditions of survival and absolute poverty had increased.

180. In an increasingly interdependent world, States should strive to reactivate international economic negotiations in order to find equitable and durable solutions to economic problems on the basis of equal and mutual benefit.

181. One of the major problems which plagued the world economy was the indebtedness of developing countries and net negative transfers of resources to these countries. A durable solution should be found in the economic development of debtor countries, recognizing the interrelationship of the debt problem with resource flows, trade, primary exports and monetary and financial factors. Solutions should be based on the principle of co-responsibility of debtors and creditors. Resource flows, and especially ODA, to developing countries should be increased. In the case of least developed countries, the assistance provided by the international community should be adapted to the particular needs for development in the short and long term. The quality, adequacy and timeliness of aid were as important as its volume. Aid to least developed countries should take the form of grants, and outstanding ODA loans should be converted into grants for the benefit of all least developed countries.

182. Finally, in an interdependent world it was necessary to reallocate resources which were used for military purposes towards socio-economic development.

183. The representative of Ecuador said that in the majority of the developing countries living standards today were not higher - and in some cases were even lower - than in the previous decade. Even the best of domestic policies could not be successful in an unfair international environment characterized by persisting protectionism against developing country exports, deterioration in these countries' terms of trade and restrictions on transfer of technology.

184. Structural adjustment policies as recommended by the IMF and the World Bank, which, in practice, had shown negative results, had not been supported by financial flows that would have allowed developing countries to grow. A new "international financial system" in which these countries were net exporters of capital, was not viable.

185. An improvement of the economic situation in the developing countries would benefit the world economy as a whole. While economic growth had been strong last year in developed countries, it had not triggered an upswing in the developing countries. There remained an urgent need for improved market access for developing countries and a reduction of protectionist barriers. Referring to the Uruguay Round, he said that up to now trade liberalization in areas of interest to developing countries did not seem really to materialize.

186. Debt was no longer a financial problem but a political one, which constituted a threat to political stability and democracy in the debtor countries. This appeared to be increasingly recognized in creditor countries too. Spain was now considering a reduction in Ecuadorian debt, and various other developed countries had signalled their willingness to substantially reduce the debt of certain developing countries. Yet, there was a need to assure that such debt relief was not provided on the basis of restrictive criteria for eligibility or linked to stricter conditionality.

187. The representative of the International Monetary Fund noted that there had been not only an extended period of growth in large parts of the world, coupled with a strong expansion of international trade, but also a convergence of policy thinking among countries on the necessity of maintaining an appropriate incentive structure to promote sustained economic growth. However, the benefits of the sustained expansion of world trade had not been fully shared by a large number of developing countries, where attempts to solve problems associated with the structure of incentives by higher levels of spending had resulted in serious misallocation of resources and difficult debt situations.

188. She did not agree with the TDR 1989, which argued that policies aimed at eliminating international imbalances tended to be counter-productive in the absence of upfront provision of additional foreign resources and significant debt reduction. The experience of many countries showed that failure to address imbalances entailed costs in terms of lower growth, rising inflation and severe balance-of-payments problems, costs which tended to increase the longer imbalances were allowed to persist. Moreover, policies to address internal imbalances should not be limited to demand-restraint policies, but should also encompass carefully targeted structural measures that improved the response mechanism of the economy. The adjustment programmes implemented by developing countries could fully bear fruit only if they were accompanied by adequate support from the international community. First, the availability of sufficient external resources was essential, especially in the initial stage. In this context, the IMF and the World Bank had moved quickly to support the reduction of the debt burden of debtor countries. Debt reduction, however, should not be so used as to impede the resumption of spontaneous flows of new money. Moreover, the success of adjustment programmes would also depend on access to overseas markets, which required elimination of protectionism. Governments, therefore, should make efforts in order to bring the Uruguay Round to a successful conclusion and remove economic rigidities which were causes of protectionist pressures.

189. Another condition for restoration of growth in the developing countries was continued, but better balanced, growth in industrialized countries, continued vigilance to contain price pressures required sound monetary policies, which should be accompanied by decisive actions to eliminate fiscal deficits. In addition, Governments should ensure an efficient use of resources by reducing controls and restrictions which distorted private decisions, limited competition and undermined the incentive structure.

190. The representative of Algeria noted that protectionist barriers, including non-tariff measures, were affecting exports from developing countries, which were suffering from a steady decline in the price of primary commodities and in their terms of trade. He hoped that the activation of the Common Fund would bring a better stabilization of commodity prices and that the conclusion of the Uruguay Round would enhance access to markets of

developed countries. Developing countries, especially in Africa, suffered from a contraction of external financial inflows and a reverse transfer of resources to developed countries. The debt problem of developing countries was destabilizing their economies because of the high social costs entailed by the particularly restrictive approach imposed by international financial institutions. Algeria in 1989 had used the totality of its export receipts to cover debt service. A global and durable solution to the debt problem could only be based on the principle of co-responsibility of debtor countries, creditor countries, commercial banks and multilateral financial institutions. An alleviation of the debt burden of developing countries was the only means of revitalizing the world economy.

191. Noting the participation of UNCTAD in the elaboration of the fourth IDS, he said that this exercise should lead to the economic development of all countries in the world, and not of a small number of countries.

192. He considered it crucial for developing countries that UNCTAD remain a special forum for international negotiations and an effective instrument to assist developing countries in their efforts to promote economic and social progress, in the context of constructive dialogue between the North and the South and of international co-operation for development, stability and peace.

193. The representative of the German Democratic Republic shared the assessment in the final document of the Non-Aligned Summit in Belgrade that the world economy and international economic relations were undergoing far-reaching and fundamental changes. He said that disparities between developed and developing countries, despite growing interdependence, had been accentuating. The TDR 1989 furnished proof that there were many negative aspects to the world economy despite certain positive signals. External indebtedness of developing countries was one of the greatest problems hampering the stable and predictable development of the world economy. Greater efforts by the international community were required if progress was to be made in this area. An agreement on international measures which would help to bring into effect the principle "Disarmament for Development" would also be conducive to the settlement of the debt problem. The debt problem could best be solved by intertwining long-term global political measures with short-term economic measures to be agreed upon bilaterally.

194. He considered that the Final Act of UNCTAD VII, and resolutions 41/202, 42/198, 43/198 of the General Assembly to be good starting-points for a just global settlement of the debt problem. UNCTAD should also make a fresh result-oriented contribution which could help the drawing up of a comprehensive international strategy for debt reduction. The German Democratic Republic held that a long-term strategy should strive to: normalize overly high interest rates for loans and credits; halt the net resource transfer from developing countries; eliminate any misuse of economic relations as a means of political pressure; refrain from protectionism in international trade and stabilize international commodity markets and thus developing countries' export earnings.

195. In addition, immediate action was needed to reduce developing countries' debts. Such action should be specified in bilateral agreements to be concluded between donors and debtors, giving due regard to the specific economic conditions of the parties involved. In conclusion, he said that the

German Democratic Republic was ready to participate in a business-like dialogue on ways and means of resolving the developing countries' debt problems, taking into account the legitimate interests of all parties involved.

196. The representative of Kenya commended UNCTAD for the excellent TDR 1989, which provided a detailed and comprehensive analysis of the global economy. The 1980s was a decade of lost opportunities, starting with the commodity crisis and continuing with the debt problem. For many African countries, the immediate past had been disastrous and the future was bleak. Adjustment programmes had emphasized financial balances rather than facilitating sustained growth and development, but Kenya was determined to pursue these programmes. He welcomed the recognition of the need for more emphasis on growth-oriented programmes which encompassed other development objectives, particularly those benefiting more vulnerable sectors of society.

197. Imbalances in the global economy demonstrated the inadequacies in the management of interdependence. Trade imbalances, currency fluctuations, instabilities in the monetary system, external debts and the reverse net resources flow had imposed obstacles to revitalizing growth in developing countries. Restoration of growth would be determined by the extent to which the international community strengthened co-operation to meet the growing demand of interdependence. He supported the efforts of the Secretary-General of UNCTAD with respect to the Board's review of interdependence and its substantive linkages with related debates in UNCTAD and elsewhere.

198. The debt crisis demonstrated the failure to manage interdependence. Initiatives aimed at finding a solution should address the problem in its entirety, and there has been recent recognition of the need for debt reduction as an important component of debt relief measures. While Kenya has benefited from such initiatives, they might not achieve enough due to inherent inadequacies. There was a need for an integral and lasting solution, based on elements such as a favourable international economic environment, protection of vulnerable sections of society, new lending, substantial debt relief, and consideration of the social dimension of the crisis.

199. The challenge for the 1990s was to harness global resources individually and collectively to achieve widespread growth and sustained development in all countries. The ongoing exercise to formulate a New International Development Strategy provided a starting-point.

200. The representative of Mexico said that while debt reduction, as proposed a year ago in the TDR 1988, had become an element in new initiatives to solve the debt problem, the international economic situation continued to be unfavourable for the developing countries. Their adjustment efforts needed adequate responses from the international community.

201. In the course of 1989, Mexico had signed a new agreement with IMF, which - distinct from traditional IMF programmes - contained growth targets that determined resources requirements; the country had also concluded negotiations on a financial package with the World Bank, and on Paris Club rescheduling concerning repayments over the next three years; subsequently, it had reached agreement with commercial banks on a framework for a reduction of net payments, allowing banks to choose from three options: debt or interest rate reduction or new lending. This approach would not only allow for a reduction of negative resource transfers, but it would also strengthen

confidence, and encourage investment. This agreement constituted conceptual and technical progress. Some of its new elements might also be applied in the case of other debtor countries, but it was not necessarily a model scheme.

202. In order to find a solution to the debt problem, the scope of the recent debt initiatives had to be extended; the amount of resources for debt reduction operations had to be raised substantially, and the pace of implementation increased. There was also a need for new financial flows from private and official sources, and creditor Governments should provide incentives to commercial banks with a view to promoting debt reduction. There was a risk that rising interest rates and persistent term-of-trade deterioration could offset much of the gains of an improved debt strategy. The key element in any approach to solve the debt problem continued to be shared responsibility for all parties involved.

203. The representative of Iraq praised the UNCTAD secretariat for the preparation of TDR 1989, and for the inclusion of constructive proposals regarding the LDCs. He also expressed approval of the statement by India on behalf of the Group of 77 on items 3 and 4. While both world output and trade had continued to expand, the distribution of this expansion had been uneven. As some developed countries had experienced economic growth and price stability, developing countries, because of their debt service burden and difficulties in adjustment, were still living under difficult economic conditions. He also praised the efforts to prepare the IDS and in this context he pointed to the importance of the market mechanism and domestic resource mobilization for the process of economic decision-making. The debt problem was the principal factor hindering growth and the main initiative in this respect was that of the Toronto Summit, which was, however, limited to those countries covered by the World Bank Special Programme for Africa (sub-Saharan Africa). The coverage should be expanded to include other debtor countries. The Brady Plan should not be limited to a few debtor countries and should cover official as well as private debt. As a contribution to the solution of the debt problem, developed countries should expand the coverage of debt reduction schemes, interest rates should be maintained within a reasonable limit, and aid should be increased together with the financing capacity of the World Bank and IMF. Developed countries should open their markets to the exports of developing countries. This was important for the success of adjustment programmes in developing countries, including Arab countries, where debt had increased and exports had declined. In addition, the adjustment programmes of the IMF and the World Bank must be realistic from the social and political point of view. He stated, in referring to the twenty-fifth anniversary, that the achievements of UNCTAD were not commensurate with the aspirations of developing countries, whose situation had worsened. The international economic crisis required a co-operative approach based on equity and mutual interest. He finally stated that it was both unacceptable and inhuman that the LDCs economic and social problems remained unresolved.

204. The representative of Egypt stated that growth in developed countries and development in developing countries complemented each other and were not incompatible. He cited the statement of the President of Egypt at the current session of the General Assembly that developing countries' problems were no longer those of growth and development, but those of existence, and that while the 1980s was a decade of continued growth for developed countries it was a wasted one for developing countries. Structural adjustment policies alone

would not resolve the crisis of development; instead they might produce harmful effects for the poor. It was, therefore, urgent to increase the transfer of resources to developing countries and ensure an adequate external environment. Creditor countries and the multilateral financial institutions were now convinced that, where development and stability were being undermined, they should help the debtor countries to meet their debt burdens. He therefore welcomed the Toronto Summit resolutions, the proposals of President Mitterrand and the Brady initiatives on debt reduction. However, some of those initiatives were limited to a certain geographical region and to a certain group of countries; the proposed facilities were not commensurate with the debt burden; and the Brady Plan related only to commercial debt. He welcomed the positive trend in the international financial institutions, referring to the resolutions and report of the Group of 24 regarding the special attention that should be placed on middle-income countries, whose debt was principally official.

205. He noted that: programmes of structural reforms should not destabilize the social and economic order in developing countries; debt reduction should include principal and interest and deal with official and commercial debt; rescheduling should embody debt reduction and that the 0.7 per cent ODA target set up by the General Assembly of the United Nations should be met. He called for the adoption of the proposal made by the Emir of Kuwait at the Non-Aligned Summit that the Secretary-General of the United Nations call within the next six months a meeting of creditor countries, IBRD, IMF and others to discuss debt reduction. The debt problem was much more severe in African countries. However, a number of creditor countries had not yet agreed to the call for an international conference on African debt, made during the African Summit in 1987.

206. The representative of the Democratic People's Republic of Korea said that the contribution of the Board to intergovernmental discussions on the interdependence of problems of trade, money and finance, commodities, debt and development had been increasing, leading to a permanent strengthening and deepening of the analysis of the different aspects of interdependence of problems as was set out in the Final Act of UNCTAD.

207. Noting that the TDR 1989 showed that most developing countries continued to experience stagnant and often declining trade and economic growth, he said that protectionism pursued by developed countries and the inequitable terms of trade forced on developing countries further worsened the situation in these countries. Some developed countries continued to apply economic, political and other types of coercive measures. Effective measures should be adopted in UNCTAD aimed at eliminating such practices. The developed countries should give effect to their commitments to special differential, non-reciprocal and non-discriminatory treatment of developing countries in international trade. UNCTAD technical assistance for ECDC should be continued and expanded in close co-operation with other multilateral institutions in order to expedite the solution of the complex interdependent problems.

208. Regarding debt problems of developing countries, he said that discussions in the Board should aim at realistic measures to alleviate the burden of the developing countries. In this connection, he appreciated the informal off-the-record consultations initiated by the Secretary-General of UNCTAD.

209. The solution to the debt crisis would be found through bilateral and multilateral negotiations between the debtor and creditor nations. The solution required deferring the repayment of debt and the freezing of interest rates until the developing countries had built independent national economies and would thus be in a position to undertake repayments.

210. The representative of the Islamic Republic of Iran commended UNCTAD for the preparation of the TDR 1989 and for the quality of its analysis of important issues. He recalled the relatively good performance of world trade in 1988 and the healthy growth forecast for 1989. While this appeared to be a source of optimism in industrialized countries, most developing countries could not hope to benefit from increased world trade. Many negative factors undermined the benefits from world trade growth and might also reverse the direction of impact on most developing countries. These factors included: instabilities in international monetary and financial system and flows and foreign exchange markets, high interest rates, developing countries' indebtedness, negative net transfer of resources from developing countries, inadequate relief programmes and strategy instability in industrialized countries.

211. Free market forces provided useful guidance for resource allocation and this was promoted in his country. But the free market had its own rules which should be equally adhered to by developing and developed countries in both the short and long terms. The past 30 years had shown that long-term market forces were manipulated by developed countries in their own interest, thus exhausting the development potential of developing countries. The developing countries expected a commitment by developed countries to some measure of stability in their economic strategy over the long term, thus providing a stable economic environment for developing countries' decision-making and for stable adjustment policies in these countries. However, successive reorientations in economic strategies of developed countries had taken a very heavy toll on developing countries in their efforts to adapt policy orientations to new conditions. This constituted the most important factor delaying the realization of development in all developing countries in general, and in the low income and least developed in particular. He concluded by emphasizing that the long-term commitment of developed countries to stable economic strategies would provide a sound basis for developing countries to benefit from standstill and rollback policies and symmetric structural adjustment efforts on which his country, other developing countries, and developed countries hoped to embark.

212. The representative of Ghana stated that it was against the backdrop of uncertainty in the international economic environment that his country, determined to arrest the unprecedented decline in economic performance, had launched the Economic Recovery Programme (ERP) in 1983. Since then, the basic macro-economic objectives had been largely achieved, with GDP annual growth of more than 5 per cent. This growth was not confined to the agricultural sector but was widely spread over the major economic sectors. He acknowledged the tremendous support Ghana had received from its donors.

213. However, the excruciating burden of high debt service rates (70 per cent in 1988) militated against Ghana's encouraging economic performance. Debt-service payments represented about 73 per cent of external resources received during the period 1983-1988. In the face of declining export prices, the heavy debt-service burden had deprived the country of resources needed for development.

214. Despite consistent growth performance, several problems still remained, among which was poverty. The economy was still far from reaching the point where growth would become a self-generating process and export performance was vulnerable to shifts in world commodity prices. However, Ghana was committed to structural adjustment aimed at growth and development. Nevertheless, the successful implementation of the ERP would require external support.

215. Ghana, therefore, proposed the following measures: substantial resource flows with an increase in the grant component of ODA; conversion of all past official bilateral loans into grants, including outright debt cancellation; reduction of real interest rates on existing loans; and payment of part of official bilateral debt in local currency. Disbursement procedures should also be simplified and accelerated to ensure maximum utilization of external financial assistance. He was convinced that the international community would continue to support Ghana and would seriously consider these proposals.

216. The representative of the Federal Republic of Germany shared the views expressed by the spokesman for Group B and by France speaking on behalf of the European Community and its member States.

217. Referring to the debt strategy, he pointed out that his Government had been among the first to take concrete steps to implement UNCTAD resolution 165 (S-IX). Between 1978 and 1989 his Government alone had participated in debt relief actions to an amount totalling DM 8.9 billion. He expressed regret that these facts had not been reflected in the TDR 1989.

218. His delegation had followed with interest the debate on interdependence which, in his opinion, showed a move towards integration into the world economy being accompanied by economic and political reforms. He hoped that it would strengthen the evolving world-wide consensus on conditions necessary for efficient economic action and policies as well as international co-operation.

219. The representative of the Council for Mutual Economic Assistance noted the role and responsibility of international forums in strengthening the functioning of the world economy. The growing interdependence in the world economy not only brought countries together, but increased the risk that their interests would lead them on a collision course. Dealing with current world economic development issues required the collective efforts of the whole international community and called for building up an integrated world economy able to tackle problems assuming a global character.

220. An integrated world economy implied qualitatively new levels of co-operation, including full use of multilateral forums. UNCTAD, which was the most representative multilateral forum, was able to give expert consideration to the topical problems of international economic relations.

221. The International Development Strategy for the coming decade should be of a global nature and should ensure stable development and growth worldwide. To this end it was necessary for each country to modernize social and economic structures, to mobilize all their internal resources and to ensure stable economic growth and adequate support by the world community. The CMEA was in favour of ensuring for each country the possibility of participating in the world economy on an equal footing.

222. He appreciated UNCTAD's role in the process of harmonizing multilateral approaches to the problems related to the development of international economic relations and expressed CMEA's readiness for further co-operation in the activities of UNCTAD.

223. The representative of the International Confederation of Free Trade Unions noted that the current weight of debt repayments placed an impossible burden on the capacity of developing countries to manage successful structural adjustment and development. A major failing of policies designed to address the debt problem had been their general failure to involve the working people on whom such policies had a major effect. For that reason, meetings with trade unions and employers' organizations should become a mandatory element in the programme of IMF and World Bank missions to countries formulating structural adjustment programmes.

224. The ICFTU had welcomed the initiatives announced by United States Treasury Secretary Brady in March as offering hope of an important step forward. There were serious grounds for concern that the funds so far available to the international financial institutions would prove inadequate to meet the requirements of the developing countries.

225. The commercial banks, after having enjoyed very large profits at the same time as they were provoking economic collapse in the debtor countries, should now be prepared to sustain losses as a part of efforts to end the debt crisis.

226. Regarding official debt, there was a clear need for an overall reworking of the Toronto accords to bring much greater benefits to a much wider range of indebted countries. Indeed, the ICFTU took the firm view that the official debt of the poorest countries should be cancelled outright. Also, the United Nations target of 0.7 per cent of GNP was within the means of the developed world, and should be met immediately.

227. At the 757th meeting the representative of Uruguay introduced a draft resolution on item 4 (TD/B/L.872) which was submitted by Jamaica on behalf of the Group of 77.

228. At the 761st meeting, Mr. Jean-David Levitte (France), reporting to the Board on the outcome of informal consultations under his chairmanship, on agenda item 3 said that these had been conducted on the basis of draft resolution TD/B/L.880. The successful outcome was reflected in the text submitted by the President in TD/B/L.882.

229. At the same meeting, the President introduced a draft resolution on item 4 (TD/B/L.886) which he submitted following informal consultations in his Contact Group.

230. At the 762nd meeting, the President read out the following summary of the debate on item 3:

Concluding remarks by the President on the debate on item 3

231. I found that this year's debate on interdependence of problems of trade, development finance and the international monetary system was especially rich and interesting and revealed a considerable convergence of views on a number of key issues. Eminent proof of that is of course the adoption, for the first time in the Board's work, of a resolution on this fundamental item.

232. It was generally acknowledged that the Board's deliberations on the item have been significantly strengthened by the efforts made by our Secretary-General of UNCTAD to that end. It was widely felt that the informal discussions that took place on interdependence at the beginning of the session were an extremely valuable part of our meeting. In this context, some proposals, which merit further study, were put forward on focusing some of the Board's documentation on policy issues. Also, all groups commended the Secretary-General for the quality of the Trade and Development Report 1989, in particular for its treatment of differing national experiences, of the debt problem, and of the role of the external environment.

233. It was widely emphasized that, in a world economy that is becoming increasingly integrated, problems in the areas of trade, finance and money should be looked at as a whole and that policies to deal with them should figure prominently. Many speakers - and, indeed, the declaration adopted on the Twenty-fifth Anniversary - called upon UNCTAD to intensify the role that it plays in this respect since both the breadth of its mandate and the universality of its membership equip it well to address interdependence.

234. Attention was drawn to the wide disparities in growth and development performance. The contrast between the poor performance of Africa and Latin America, and the least developed countries, on the one hand, and some other developing countries, on the other, was noted, as was the contrast between the overall performance of developed countries, on the one hand, and developing countries on the other. All speakers emphasized the importance of substantially improving the growth rates and development perspectives of the stagnating or slower-growing countries of our world.

235. It was generally agreed that both domestic policy choices and external factors have contributed to the disparities in performance, and that solutions must therefore include both domestic action and international co-operation. The views expressed on both domestic policy reform and action on debt were much less divergent than previously, and this was confirmed by the significant resolution we adopted on that separate item.

236. The trend in a number of countries towards more extensive reliance on market mechanisms was also noted. A number of national representatives discussed the adjustment experience of their own countries in the context of the linkages between external and internal factors. There was a heightened awareness of the extent and complexity of such linkages, and it was generally felt that they needed to be better analysed and reflected in policies.

237. The macro-economic disorder prevailing in many countries was widely noted. A number of speakers stressed that external factors were aggravating fiscal and monetary problems in developing countries with debt difficulties and that some adjustment policies had undesirable side-effects which often assumed major proportions. There was wide consensus that for many countries relief on the external front was necessary for domestic policy efforts to succeed in stabilizing the economy and reviving growth, and in restoring confidence among investors.

238. The acknowledgement of the need for domestic policy efforts and reforms - in both developing and developed countries - was thus matched by a recognition of the importance of international co-operation. The need for coherence in international actions regarding trade, development finance and monetary issues

received special emphasis. A number of speakers pointed out that protectionism in industrialized countries was inconsistent with calls upon developing countries to improve their export performance; there was widespread agreement on the importance of bringing the Uruguay Round of MTNs to a successful conclusion, and of strengthening symmetrical surveillance in the IMF.

239. Reference was made to a number of perceived threats to the international economy, including the unevenness of world economic growth, major trade and fiscal imbalances, resort to unilateralism in resolving trade conflicts, high real interest rates, and exchange rate instability. It was widely recognized that a number of positive movements had taken place, as for instance, the recent enhancements of the strategy and efforts to deal with the problem of debt. But many speakers questioned the adequacy of the actions taken to date in the light of the gravity of the problems. Indeed, many representatives stressed an urgent need to reactivate the North-South dialogue, on a strengthened basis, and pointed once again to the gains that all could reap from a more just, equitable and balanced pattern of world economic growth and development.

240. The Declaration adopted in connection with the Twenty-fifth Anniversary provides a useful snapshot of the evolving perceptions of member States on those broad policy issues. It is a new element of the foundations for political action in UNCTAD. The Declaration restates the goal of "a healthy, secure and equitable world economy" and reminds us of the challenge of framing consensual rules and arrangements within which peoples and nations can strive to improve their well-being. It looks forward to a prominent role for UNCTAD in meeting this challenge, using the whole range of instruments available to it. This Declaration will surely be a source of inspiration for member States as they carry forward the work of UNCTAD, substantively and organizationally, and I believe it will have special relevance for our discussions on interdependence.

241. Perceptions are not yet fully harmonized, and much work remains to be done before what has been called a new "emerging consensus" becomes fully fledged. However, it is most encouraging that all sides are becoming more conscious of the need for multilaterally co-ordinated responses to the vast and complex problems at hand. I think that the successful deliberations and substantive conclusions of this session of the Board have in themselves constituted an intensified dialogue and will mark a very important step towards making that dialogue more real, fruitful and effective.

Action by the Board

242. At the 761st meeting, the Board adopted draft resolutions TD/L.882 and TD/L.886 without dissent (for the texts, see part I above, resolutions 374 (XXXVI) and 375 (XXXVI) respectively).

243. With regard to resolution 374 (XXXVI) the spokeswoman for the Group of 77 (India) expressed her Group's satisfaction at the agreement on the first ever resolution on interdependence which had been made possible by the openness of the debate and negotiations. The Group of 77 particularly welcomed the emphasis on the continuing centrality and importance of the debate on interdependence. It also welcomed the emphasis on the role of UNCTAD as an instrument of international dialogue and co-operation in economic and

development matters; the recognition that the global economic disparities and negative trends endangered world economic growth and stability; and the fact that there was a reiteration of the pledge in the Final Act of UNCTAD VII to a reinvigorated effort to strengthen multilateral co-operation, to promote policies aimed at revitalizing development, growth and international trade, and to enhance the effectiveness of UNCTAD as an important instrument of international economic co-operation. The second paragraph contained important pointers for the future of the global dialogue sought by all and the Group of 77 hoped this dialogue would be comprehensive in terms of the levels, subjects and agenda that it covered.

244. With regard to resolution 375 (XXXVI) the spokeswoman for Group D (Bulgaria) confirmed the position of the countries members of her Group as expressed on the adoption of Board resolutions 165 (S-IX) and 358 (XXXV).

245. Draft resolutions TD/B/L.880 and TD/B/L.872 were withdrawn by their sponsors.

246. The Board decided to include the concluding remarks by the President on the debate on item 3 in the report of the Board to the General Assembly.

Chapter III

TWENTY-FIFTH ANNIVERSARY OF UNCTAD
(agenda item 5)

247. At the 758th meeting, the President announced that item 5 was to be taken up in his Contact Group.

248. At the 761st meeting, Mr. Tobgye S. Dorji (Bhutan), reporting to the Board on the work of an informal drafting group set up under his chairmanship to discuss item 5, introduced the text of a draft declaration on the twenty-fifth anniversary of UNCTAD (TD/B/L.887) negotiated by all regional groups and China.

Action by the Board

249. At the same meeting, the Board adopted the draft Declaration on the twenty-fifth anniversary of UNCTAD (for the text, see part I above, resolution 376 (XXXVI)).

250. The President noted that the adoption of the Declaration was the culmination of a series of events commemorating the anniversary, which had included the Fourth Raúl Prebisch lecture in July, in honour of the former Secretary-General of UNCTAD; the Symposium on International Economic Relations in the 1990s and UNCTAD's Role Therein, organized in September; and a special edition of the UNCTAD Bulletin. These events had been a valuable inspiration for the Declaration adopted by the Board and were an excellent basis for the commemoration of the anniversary by the General Assembly itself.

Commemoration of the twenty-fifth anniversary of UNCTAD

251. Pursuant to General Assembly resolution 43/183 and Board resolution 365 (XXXV), the Board held a special meeting on 5 October 1989 to commemorate the twenty-fifth anniversary of the organization. 3/

252. At this commemorative meeting, a message from the Secretary-General of the United Nations, Mr. Javier Pérez de Cuéllar, was read out by Mr. Jan Martenson, Director-General, United Nations Office at Geneva.

253. The Board heard statements by Mr. Oscar de Rojas, President of the Trade and Development Board at its thirty-sixth session; Mr. K.K.S. Dadzie, Secretary-General of UNCTAD; Dr. Gamani Corea, former Secretary-General of UNCTAD, Chairman of the *Ad hoc* Committee of the Whole on the International Development Strategy; Mr. Arthur Dunkel, Director-General of General Agreement on Tariffs and Trade (GATT); H.E. Mr. William Rossier, Ambassador, representative of the host country; H.E. Mr. Alexander Kachanov, First Vice-Minister of Foreign Economic Relations of the Union of Soviet Socialist Republics on behalf of Group D countries; H.E. Mr. Shen Jueren, Deputy Minister, Ministry of Foreign Economic Relations and Trade of the People's Republic of China; H.E. Mr. Olli Adolf Mennander, Ambassador, Permanent Representative of Finland, Co-ordinator of Group B; H.E. Mr. Lloyd Barnett, Ambassador, Permanent Representative of Jamaica, Chairman of the Group of 77;

H.E. Mr. Oswaldo de Rivero, Ambassador, Permament Representative of Peru, Co-ordinator of the Latin American Group; H.E. Mr. Kojo Amoo-Gottfried, Ambassador, Permanent Representative of Ghana, Co-ordinator of the African Group; H.E. Mr. Farouk Kasrawi, Ambassador, Permanent Representative of Jordan, Co-ordinator of the Asian Group; H.E. Mr. Morris B. Abram, Ambassador, Permanent Representative of the United States of America; H.E. Mr. Jean-David Levitte, Ambassador, Permanent Representative of France, on behalf of the European Economic Community; H.E. Mr. de Montigny Marchand, Ambassador, Permanent Representative of Canada.

254. Videotape messages from the following personalities were shown: H.E. Mr. François Mitterrand, President of the French Republic (President, Council of the European Community); H.E. Mwalimu Julius K. Nyerere, former President of the United Republic of Tanzania and Chairman of the South Commission; H.E. Mr. Budimir Loncar, Federal Secretary for Foreign Affairs of Yugoslavia (representative of the host country of Non-Aligned Movement); H.E. Mr. Ali Alatas, Foreign Minister of Indonesia (Chairman of the Association of South East Asian Nations (ASEAN) Standing Committee); H.E. Mr. Julio Londoño, Minister of External Relations of Colombia (President of the Latin American Economic Council); H.E. Ms. Yvonne M.C.T. van Rooy, Minister for Foreign Trade of the Netherlands; Mr. Barber Conable, President of the World Bank (BRD); Mr. Michel Camdessus, Managing Director, International Monetary Fund (IMF); Mr. Michel Hansenne, Director-General, International Labour Office (ILO); Mr. Enrique Iglesias, President, Inter-American Development Bank.

255. Written messages were circulated from the following: H.E. Mr. Fidel Castro Ruz, President of the Council of State and of the Government of Cuba (TD/B/L.888); H.E. Mr. Hosni Mubarak, President of Egypt, President of the Organization of African Unit Summit (TD/B/L.876); H.E. Mr. Saddam Hussein, President of the Republic of Iraq (TD/B/L.874); H.E. Mrs. Corazon Aquino, President of the Republic of the Philippines (TD/B/L.873); H.E. Mr. Carlos Andrés Pérez, President of Venezuela; H.E. Dr. Mahathir Bin Mohamad, Prime Minister of Malaysia (TD/B/L.867); H.E. Mr. Tadeusz Mazowiecki, Prime Minister of Poland (TD/B/L.866); H.E. Mr. V.A. Masol, Chairman of the Council of Ministers of the Ukrainian Soviet Socialist Republic (TD/B/L.871); H.E. Mr. N.I. Ryzhkov, Chairman of the Council of Ministers of the Union of Soviet Socialist Republics (TD/B/L.870); H.E. Mr. Willi Stoph, Chairman of the Council of Ministers of the German Democratic Republic (TD/B/L.865); H.E. Ing. Jadalla Azouz Talhi, Secretary of the People's Committee for Foreign Liaison and Co-operation of the Libyan Arab Jamahiriya (TD/B/L.879); H.E. Mr. James Baker, Secretary of State of the United States of America (TD/B/L.877); H.E. Mr. V. Sychev, Secretary-General of the Council for Mutual Economic Assistance (TD/B/L.875); Permanent Mission of the Byelorussian Soviet Socialist Republic (TD/B/L.885); H.E. Ambassador Brownson Dede, Acting Secretary-General, Organization of African Unity (TD/B/L.878).

Chapter IV

PREPARATIONS FOR THE SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES

(agenda item 6)

256. In opening the discussion under agenda items 6, 7 (a) and 9, the Secretary-General of UNCTAD said that the particularly disadvantaged countries of the developing world had been a subject of major concern for UNCTAD for a long time. These included the least developed, land-locked and, in an overlapping category, the African countries, particularly those in sub-Saharan Africa. The concern long expressed in UNCTAD in regard to these countries formed part of the factors that had led the General Assembly to adopt the UN-PAAERD, as well as resolutions on the land-locked countries, and, furthermore, to convene the Second United Nations Conference on the Least Developed Countries, which would constitute a major event in international economic co-operation for development. The Conference was a major opportunity for the international commmunity to launch a programme of action for the LDCs for the next decade. Such a programme of action should address the elimination of hunger, disease and illiteracy, while laying the foundations for self-sustained growth in the LDCs. He stressed that no one expected the LDCs and other disadvantaged countries to depend on international charity on a perpetual basis. The object of the programme would be to enable these countries to enter into the next decade effectively equipped to increase their participation in the global economy. He pointed out that, as an input to the preparations for the Second United Nations Conference on the Least Developed Countries, part two of the Trade and Development Report, 1989 had been devoted to an analysis of the experience and problems of the LDCs during the 1980s, particularly as regards structural adjustment programmes.

257. In an introductory statement on agenda item 6, the Chief of the Special Programme for Least Developed, Land-locked and Island Developing Countries and Executive Secretary of the Second United Nations Conference on the Least Developed Countries indicated that, following the Donor-Recipient Meeting held in May 1989, the preparatory work for the Second United Nations Conference on the Least Developed Countries was gaining momentum at an accelerated pace. He drew attention to the main events planned in the context of the preparatory process leading up to the Conference. In that connection, a meeting of senior experts on LDC issues, organized by the Government of Denmark in collaboration with UNCTAD, would be held at Copenhagen in November 1989 and would discuss the possible content of a programme of action for the 1990s for the LDCs. Other forthcoming meetings included: (i) a meeting on the role of non-governmental organizations in the development of the LDCs, to be held at Kathmandu also in November 1989; (ii) a meeting on the role of women in the development of the LDCs, scheduled to be held in January 1990 at Niamey; and (iii) a symposium on trade, technical and economic co-operation between the LDCs and the socialist countries of Eastern Europe, to be held in February-March 1990 in Moscow. He added that the outcome of these meetings would be made available to the Intergovernmental Group on the Least Developed Countries, acting as Preparatory Committee for the Conference, which was to convene from 26 March to 6 April 1990.

258. He further noted that the UNCTAD secretariat, in view of the importance of the preparatory work, had decided to devote the second part of its Trade and Development Report, 1989 to the development problems of the LDCs, in particular to the special characteristics of these countries and to a review of their experience in the formulation and implementation of adjustment programmes during the 1980s.

259. The spokesman for the Group of 77 (Bangladesh) said that the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries, held in Geneva in May 1989, had afforded an important opportunity for assessing the progress made in the implementation of the Substantial New Programme of Action (SNPA) and for discussing issues relevant to the accelerated development of the LDCs in the 1990s. The report of that Meeting provided a useful basis for a focused articulation of the proposals to be embodied in the new programme for the 1990s. He called for the active participation of all organs, organizations and bodies of the United Nations in the meeting of the Preparatory Committee and the Conference. The forthcoming preparatory meetings - of senior experts in November 1989, on the role of NGOs in the development of LDCs in the same month, and on the role of women in the development of LDCs in January 1990, the intergovernmental meeting on the LDCs in the ESCAP region in February 1990 and the symposium on trade, technical and economic co-operation between LDCs and socialist countries of Eastern Europe - should also provide valuable inputs for the Conference preparations.

260. He praised the analysis contained in part two of the Trade and Development Report, 1989 which, in his view, had been made in a highly professional manner and provided an enlightening insight into the development problems of the LDCs and their experience with internationally supported structural adjustment programmes. The analysis clearly showed that the structural problems of LDCs were further compounded by external factors. The national policy agenda in LDCs in the 1980s was thus dominated by crisis management, namely stabilization and adjustment. Twenty-seven out of the 42 LDCs had been implementing IMF-World-Bank-sponsored structural adjustment programmes. The adjustment strategies, by focusing on short-term fiscal and external balances, had not generally succeeded in facilitating the long-term development of LDCs. Such strategies had neglected human resource development and provided little flexibility for adapting policies to unforeseen factors. The case studies prepared by UNCTAD on eight LDCs brought out the inadequacies that existed in the design of the structural adjustment programmes, in particular their short time-frame and neglect of social considerations. The limitations of those programmes had been confirmed in the evaluations of the IMF and the World Bank. The conclusions drawn in part two of the Report, he stressed, were a useful guide in preparing improved programmes in the 1990s. He urged LDCs' development partners to participate in the meeting of the Preparatory Committee and in the Conference at a sufficiently high level, so as to enable the Conference to formulate and adopt appropriate national and international policies and measures to accelerate the development process of the LDCs during the 1990s in accordance with their long-term national social and economic objectives.

261. The representative of Nepal noted with satisfaction that arrangements were being made by the UNCTAD secretariat to ensure a useful outcome of the Preparatory Committee scheduled for March 1990, as well as of the Conference itself. He drew the Board's attention to the fact that Nepal was hosting a meeting on the role of non-governmental organizations in the development of LDCs, which would be held at Kathmandu from 8 to 10 November 1989. His Government was also completing the preparation of a country presentation, which would highlight the problems and performance of the Nepalese economy during the 1980s. The presentation was expected to discuss the measures that had already been taken and would be taken in the future with a view to accelerating national economic growth, as well as to improving the income level of the population sectors living below the poverty line.

262. He expressed his appreciation to the UNCTAD secretariat for the quality of the documentation prepared for the Conference and, in particular, for the second part of the Trade and Development Report, 1989, which, in his view, not only analysed the problems of the LDCs thoroughly, but also presented in an analytical fashion the experience of individual LDCs, including his own country, as regards adjustment programmes. The proposals contained in the Report would certainly provide useful inputs for inclusion in a programme of action for the 1990s and for improving the design of structural adjustment programmes.

263. The representative of Sudan associated his delegation with the statement made by the spokesman for the Group of 77. He noted with great satisfaction the preparatory work that had been carried out by the UNCTAD secretariat in connection with the Second United Nations Conference on the Least Developed Countries and hoped that, on the basis of that work, practical and objective proposals would be submitted to the Conference. He emphasized that the main concern should be the creation of an international economic environment that would open legitimate avenues for all LDCs to overcome their current economic difficulties and ultimately enable them to play a positive role in international economic relations. He asserted that current structural adjustment programmes had had a negative impact on the LDCs, especially on vulnerable groups. He expressed his appreciation to the Secretary-General of UNCTAD for devoting part two of the Trade and Development Report, 1989 to the problems of LDCs.

264. The representative of Myanmar associated his delegation with the statement by the spokesman for the Group of 77. He expressed appreciation to the Secretary-General of UNCTAD for the efforts undertaken to ensure the comprehensive and timely preparation of the forthcoming Second United Nations Conference on the Least Developed Countries and praised the secretariat's decision to devote part two of the Trade and Development Report, 1989 to the development problems of the LDCs as an important contribution to the preparatory process. He shared the view that the conclusions drawn in part two of the Report would provide useful guidance for the preparation of improved programmes for the LDCs in the 1990s.

265. The representative of China said that, despite the internal economic restructuring and reform undertaken by most of the least developed countries, their difficult conditions had not improved substantially. He emphasized that the problems of LDCs were compounded by adverse exogenous conditions such as low commodity prices, inadequate capital inflows, rampant protectionism and, in some LDCs, severe natural disasters. These factors had placed the economic

development of the LDCs under strain, and their ability to achieve economic recovery had become weaker. The special measures agreed in favour of the LDCs in the fields of financial assistance and other capital flows, debt and trade had not been fully implemented by the international community and developed donor countries.

266. He urged the international community to take concerted action to reverse the deterioration of the LDCs' economies. The Second United Nations Conference on the Least Developed Countries would provide an important opportunity to review the implementation of the SNPA and to discuss and formulate policy measures for the 1990s. China attached great importance to the Conference and considered that it should aim at identifying the causes for the lack of full implementation of the SNPA and seek effective measures for improvement in the 1990s.

267. In his view, three aspects deserved particular attention in the formulation of such measures: (i) priority should be accorded to assessing the external capital requirements of the LDCs and to establishing realistic and adequate development assistance targets for the 1990s; (ii) in view of the extremely limited debt-servicing capacity of the LDCs, consideration should be given to an increase in concessionary development assistance and to the granting of more favourable credit terms; and (iii) in view of the limited ability of the LDCs to cope with the fluctuations in their export earnings and the undesirable effects of such fluctuations in their economies, further measures to assist these countries to stabilize their export earnings should be considered. Such measures could include more favourable market access for their exports, improvements in mechanisms to compensate for shortfalls in export earnings, and assistance in the diversification of their exports. He further stressed the need to strengthen the co-ordinating role of international multilateral bodies, in particular in mobilizing assistance for the LDCs and in supervising the implementation of the commitments made by the donor countries.

268. The spokesman for Group B (Denmark) said that the extremely serious problems facing many LDCs had been clearly illustrated both by the 1988 Report on the LDCs and by part two of the Trade and Development Report, 1989. The disappointing performance of most LDCs during the last decade had been due to national policy deficiencies, as well as to developments in the international economy and insufficient levels of public and private finance. The variations in performance from country to country, and the differences in policy approaches and economic measures undertaken, called for a disaggregated approach, both in the analysis of the causes of the specific problems facing the LDCs and with regard to possible remedies.

269. It was of crucial importance for donors and LDCs to arrive at a useful common approach during the preparatory process prior to the Conference. The Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the LDCs in May 1989 had provided a sound basis for the continued preparatory process and had succeeded in setting a realistic and pragmatic tone for the future and in identifying and defining a number of important issues. He was confident that the Chairman's final statement at that Meeting (A/CONF.147/PC/2-TD/B/AC.17/30-A/CONF.147/DR/6, annex I) would serve as an important input into the further preparatory process.

270. He noted that the question of structural adjustment was the most important of the substantive issues addressed at the May Meeting. There had been a broad measure of agreement between LDCs and donors on the necessity of structural adjustment if the LDCs were to restore growth and development. He recalled the joint opening statement of the donor countries at that Meeting (A/CONF.147/PC/2-TD/B/AC.17/30-A/CONF.147/DR/6, paras. 10-14), which had stressed the necessity of undertaking market-oriented policy reforms in order to develop the LDCs' capabilities to deal with the external shocks and to take full advantage of the possibilities inherent in the international economy, as well as the need to take into account the social impact of structural adjustment programmes and to see such programmes as part of a longer-term development approach. Many LDCs had agreed with the need for policy reforms and the emphasis on private sector development. Even though nuances of the analysis had differed, the basic approach had been more or less the same, and this augured well for the future. Referring to the discussion of this issue in the Trade and Development Report, 1989, he said his Group believed there was substantial recent evidence that adjusting countries in general had had a better economic performance than those not undertaking vigorous reforms and that this fact was reflected in their growth performance, their agricultural production and their exports.

271. Apart from the issue of structural adjustment, Group B also paid particular attention to the following issues: (i) the need to give overall priority in the 1990s to achieving broad-based, sustainable growth, which had to be sustainable in ecological terms as well; (ii) the close interrelationship between structural adjustment efforts and international measures to support and sustain such efforts, as indicated by the prospects for directing additional resources towards LDCs undertaking such efforts; (iii) the importance of policies allowing private initiative and entrepreneurship to develop, of improved economic efficiency in key public sector enterprises, and of the need to further involve indigenous and other NGOs in the development process and in efforts to alleviate severe poverty; and (iv) the importance of improved aid co-ordination, based on clear national development priorities and plans, in achieving a more rational use of scarce resources, in increasing the effectiveness of foreign assistance and in mobilizing the required financial support from the international community over an extended period of time. Group B looked forward to the meeting of the Preparatory Committee in March 1990 and stressed the importance of careful preparations and of reflecting in the documentation to be presented to that Meeting the degree of consensus already obtained through the preparatory process.

272. The spokesman for Group D (USSR) said countries members of Group D attached great importance to consideration of the problems of LDCs within the framework of the United Nations including UNCTAD. He pointed out that the economic situation in the LDCs continued to be very difficult, as reflected in part two of the Trade and Development Report, 1989. As stressed in the Report, even the LDCs that had implemented structural adjustment programmes had been unable to realize a substantial improvement in their socio-economic situation. This was due to the fact that not enough consideration had been given to the specific characteristics of each LDC in the formulation of such programmes. He added that, on the basis of the SNPA, the conclusions and recommendations of the mid-term review of the SNPA and the Final Act of UNCTAD VII, Group D continued to support the endeavours made by the international community to bring about the economic and social development of LDCs.

273. Although a number of Group D countries had had difficulties during the 1980s in their economic and social development, they nevertheless continued to provide, within the framework of trade and economic co-operation, economic assistance to LDCs to strengthen their economic base and to enable them to bring about structural changes in their economies. He recognized the importance of further broadening economic co-operation with LDCs through new directions, forms and methods.

274. The wide range of views reflected in the report of the Donor/Recipient Meeting (A/CONF.147/PC/2-TD/B/AC.17/30-A/CONF.147/DR/6) was a good basis for future work on balanced and realistic measures in favour of LDCs. Countries members of Group D were prepared to participate actively in the meeting of the Intergovernmental Group on the LDCs, acting as the Preparatory Committee for the Conference, in order to contribute to the success of the Conference.

275. The representative of Ethiopia said that the *Trade and Development Report, 1989* and the documents prepared by the UNCTAD secretariat provided useful insights into the situation of the LDCs.

276. The overall condition of the LDCs had continued to deteriorate in the 1980s, despite their own efforts to redress the situation, and despite the adoption of the SNPA. Their national efforts had been frustrated by the adverse effects of the external environment and natural catastrophes such as droughts and floods.

277. The efforts of the LDCs in the 1990s to overcome the obstacles to their development would have to be supplemented by a concerted international effort within the framework of a suitable external environment. The Second United Nations Conference on the Least Developed Countries would be expected to provide a more meaningful framework for international co-operation and action to redress the worsening conditions in the LDCs.

278. The representative of Italy noted with satisfaction that the preparatory process for the Second United Nations Conference on the Least Developed Countries was taking into account new dimensions that had not featured, or had received less attention, in the preparations for the first Conference, i.e. the enterprise sector, the role of NGOs in the development of the LDCs, the role of women, and co-operation between the LDCs and the socialist countries of Eastern Europe. Within the framework of the preparations for the Conference, the Government of Italy had provided financial support for the assessment of the effectiveness of consultative and aid groups and round table meetings for the aid co-ordination effort, to be submitted as a concrete input to such preparations. The present criteria for inclusion in the list of least developed countries, which had been established in the 1970s, could no longer serve as a basis for a programme that was expected to last up to the year 2000. He expressed interest in the studies undertaken by the Committee for Development Planning in that connection, and suggested that the results of those studies should be made available for consideration by the Preparatory Committee.

279. The representative of the United Republic of Tanzania noted with great satisfaction that the issue-based preparations, involving experts in their personal capacity, would provide substantive inputs and focus the discussions at the meeting of the Preparatory Committee in March/April 1990 and at the Conference itself. His delegation particularly appreciated the attention

devoted to the LDCs in part two of the Trade and Development Report, 1989 regarding their experience with structural adjustment programmes. The analysis contained in the Report was very objective and eloquent in demonstrating the inadequacies in the adjustment programmes. In his view, the LDCs' experience seemed to indicate that the classical approach in those programmes did not have the necessary flexibility to cope with their unique socio-economic and political imperatives. The benefits of structural adjustment programmes would remain fragile until their shortcomings, as identified in the Report, were duly taken into account in the design of future adjustment programmes, which should be an integral part of medium- and long-term national socio-economic objectives. He stressed that the issues at stake did not relate to reliance on market or non-market signals for efficiency in resource allocation, but rather to the provision of a sufficient amount of resources to bring about the necessary economic transformation to lay the foundation for sustainable growth. He considered that efficiency and effectiveness were direct functions of the timeliness, quality and quantum of the resources provided. A judicious blend of market and governmental intervention in resource allocation was the realistic policy framework to follow.

280. The representative of Somalia, associating his delegation with the statement made by the spokesman for the Group of 77, said he was gratified to see that part two of the Trade and Development Report, 1989 was devoted to the problems of the LDCs. The Report, in his view, provided a correct analysis of the failure of current adjustment programmes to contribute to economic recovery in the LDCs. The difficulties of structural adjustment and the absence of prospects for economic recovery in LDCs were both linked to the neglect of the human element. Referring to the International Conference on the Human Dimension for Economic Recovery and Development, held at Khartoum in March 1988, he asserted that to ignore this dimension was not only a human tragedy but also an economic error. Evidence already existed that investment in human resources did provide substantial economic returns. Economic dynamism could not be fully restored as long as an important part of the working population remained malnourished or lacked access to basic goods. Beyond a certain point, cutbacks in consumption expenditure became counterproductive. He concluded by stating that an approach neglecting the human dimension was doomed to fail, while adjustment with a human face was an endeavour compatible with economic recovery in the LDCs.

281. The representative of Canada welcomed the preparatory work undertaken by the Donor-Recipient Meeting in May which, in his view, had made an important contribution to the analysis of the elements necessary for revitalizing the development of the LDCs. Poverty alleviation and reducing the vulnerability of these countries should be among the guiding policy objectives for them. The development assistance strategy of Canada *vis-à-vis* the LDCs had addressed, as issues of priority concern, food security, increased participation of women in the development process, ecological sustainability of development and energy availability. The financial problems of the LDCs were due to severe macro-economic imbalances and to deficiencies in infrastructure, which should be redressed as rapidly as possible. Canada supported the concept of "adjustment with a human face" and therefore considered that the impact of stabilization and structural adjustment programmes ought to be attenuated by specific measures in favour of the poorest sectors of the population. The differences among LDCs, in particular as regards conditions and performance, should also be taken into account in

the analysis of the difficulties faced by them and in the elaboration of the responses thereto. He expressed the hope that the outcome of the 1990 Conference would be consonant with the challenge faced by the LDCs and that it would be pragmatic and provide a new impetus to national and international action.

Action by the Sessional Committee

282. At its 6th (closing) meeting, on 13 October 1989, Sessional Committee II took note of the note by the UNCTAD secretariat entitled "Preparations for the Second United Nations Conference on the Least Developed Countries" (TD/B/L.863).

Consideration in plenary

Action by the Board

283. At its 761st meeting, the Board took note of the report of the Secretary-General on preparations for the Second United Nations Conference on Least Developed Countries (A/44/437, circulated under cover of a note by the UNCTAD secretariat (TD/B/L.863)) and of the comments thereon in Sessional Committee II.

Chapter V

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT
(agenda item 7)

A. Report of the Secretary-General of UNCTAD in accordance with conference resolution 137 (VI) concerning land-locked developing countries

284. In his introductory statement, 4/ the Chief of the Special Programme for the Least Developed, Land-locked and Island Developing Countries gave a brief summary of the secretariat report entitled "Progress in the implementation of specific action related to the particular needs and problems of land-locked developing countries" (TD/B/1220 and Corr.1), which was before the Sessional Committee under agenda item 7 (a). He noted that the report briefly discussed the fundamental elements underlying the transit-transport problem, highlighted the peculiarities of the land-locked developing countries which accounted for their particular problems *vis-à-vis* other developing countries, and outlined the special problems faced by the land-locked developing countries in the respective regions and subregions. He further drew attention to the global analysis of the special patterns of the external trade structure of the land-locked developing countries and of the adverse impact of overland transit-transport constraints on these patterns, and noted that their implications for the balance of payments and overall growth of the land-locked countries were also briefly discussed.

285. The analytical part of the report was supplemented by a summary of replies received from Governments, international organizations and intergovernmental organizations regarding their actions on behalf of the land-locked developing countries, as well as information on UNCTAD's own work on these countries. With respect to the overall conclusions, he said the report suggested that, whereas the development and improvement of transit-transport infrastructures and operations had to remain a central element in international measures to assist the land-locked developing countries in overcoming their particular geographical problems, these measures must be complemented by the formulation of longer-term development strategies to transform the structure of land-locked economies in such a way as to reduce the adverse consequences of their land-locked situation. The report emphasized the positive role that could be played in that connection by subregional co-operation between land-locked countries and their transit neighbours.

286. The representative of Bolivia said that issues related to the problems of land-locked developing countries were of particular interest to Bolivia, which was temporarily deprived of a coastline. Owing to its lack of a coastline, Bolivia suffered from the transport problems faced by other land-locked developing countries, many of which had not yet been solved. Referring to the secretariat report, he said that it summarized clearly the problems of land-locked developing countries, as reflected in Conference resolution 137 (VI) and in the Final Act of the Conference at its seventh session. The report also contained a good summary of the replies from Governments and institutions regarding their work and contributions to the solution of those problems, though he regretted that some regional intergovernmental institutions had not responded. With respect to the future

work of the secretariat in that area, he said that more country studies should be undertaken in order to facilitate the formulation of country-specific policies designed to solve the problems faced by land-locked developing countries.

287. Regarding the reply from the Government of Chile reflected in paragraph 53 of the secretariat report, he said that the Treaty of 20 October 1904, set out Chile's legal obligations to provide unrestricted freedom of transit for Bolivia. Nevertheless, as mentioned on previous occasions in UNCTAD, Bolivia continued to experience severe economic difficulties related to the transit problems it faced as a land-locked country. He further pointed out that the Treaty was the result of a war in which Bolivia had not been an aggressor, as a result of which Bolivia had been deprived of 158,000 km^2 of territory, including 400 km of coastline. He noted in that connection that the provision of transit facilities could not be regarded as compensation for a geographical situation resulting from the effects of war, and that the situation in question had never been accepted by Bolivia.

288. The representative of Bhutan, commending the secretariat report on the agenda item, said it clearly highlighted the problems which the land-locked countries continued to face. With respect to the particular problems of Bhutan, he stated that the rugged terrain of the country compounded the transport and communications problems it faced as a land-locked country, giving rise to excessively long transit times within the country itself. The transport situation deteriorated even more during the rainy period when landslides caused disruptions along the road routes and hampered normal economic activities. Owing to those transport constraints, the development of external trade had been retarded but, in spite of the problems, the Government was making serious efforts to promote export activities. He appealed to the international community to support these efforts.

289. He regretted that some donors did not recognize the land-locked developing countries as a special category of countries that deserved special attention. He pointed out that the support so far provided was inadequate to meet the requirements of those countries and therefore appealed to the donors and international organizations to provide additional assistance to alleviate these problems.

290. Referring to the work of the UNCTAD secretariat in favour of land-locked developing countries, he commended the efforts that were being made to mobilize international support for them and welcomed in particular the initiative taken by UNCTAD in sending a mission to Asian land-locked countries to assess their technical assistance needs.

291. He commended the UNCTAD secretariat for highlighting the problems of the LDCs, including the land-locked developing countries, in part two of the Trade and Development Report, 1989. The Report was timely in view of the forthcoming Second United Nations Conference on the Least Developed Countries.

292. Pointing out that more than a third of the LDCs, including Bhutan, were land-locked, he hoped that the Conference would also address the special problems of the land-locked least developed countries.

293. The representative of Afghanistan commended the report prepared by the secretariat and noted that the problems faced by the land-locked developing countries were an issue of great significance. The progress made by land-locked least developed countries like Afghanistan had been limited, largely because of the failure to implement effectively specific measures in favour of those countries to compensate them for their geographical disadvantages. He noted that such countries still faced specific problems in gaining access to international markets and developing their external trade, for example high transport costs, unfavourable freight rates and inadequate transit facilities. He therefore appealed to the donor community to increase their financial and technical assistance to the countries in question in order to help to reduce the transport costs involved in gaining access to international markets and to improve the quality and efficiency of transit services. He also called upon the transit countries to adopt adequate policies to intensify co-operative arrangements with land-locked countries in order to alleviate the latters' transit-transport problems.

294. The representative of Zimbabwe outlined a number of general problems facing land-locked developing countries, including remoteness from world markets, inadequate transport facilities, inefficient transport management, unreliable communications between ports and the land-locked countries, complicated documentation procedures and extra insurance charges. Those problems gave rise to significant additional transport costs which were an impediment to the development of external trade. The transit-transport problem was compounded by the fact that transit countries generally had their own development objectives which were not necessarily congruent with those that took the requirements of land-locked countries into account.

295. The land-locked problem was also a development problem, and since most of the land-locked developing countries were also least developed, the additional transit-transport problems they faced rendered them highly vulnerable. He called on the donor community to provide special assistance to those countries in order to enable them to meet the major development challenges they faced. He thanked the leading donors for the assistance they had provided to the land-locked countries of the southern African subregion within the framework of SADCC and appealed to them to increase such assistance, which was urgently required in the light of South Africa's continued sabotage of the transport system in the subregion.

296. His delegation fully concurred with the conclusions of the secretariat report which emphasized the need to continue to focus both on the improvement of transit-transport infrastructures and services, as well as on the restructuring of the economies of those countries, in order to make them less vulnerable in the long run to their geographical disadvantages. Moreover, his delegation supported the view that co-operative arrangements between land-locked countries and their transit neighbours would play a very positive role in that respect. He called upon the donors to give priority to such efforts.

297. The representative of Chile, commending the report prepared by the secretariat, said that it represented a solid synthesis of the problems of land-locked developing countries and of the measures that had been undertaken during the past years to alleviate them. Chile provided facilities to its

land-locked neighbour that went beyond those agreed upon by the international community. That had been reiterated on the occasion of the Afro/Asian Consultative Legal Committee meeting held at Arusha, United Republic of Tanzania, in 1986.

298. With respect to the report prepared by the secretariat, he said that the road that linked the Chilean port of Antofagasta with La Paz was asphalted over a distance of 437 km, half of which belonged to Chile. He also noted that the road linking the Chilean port of Arica was paved over a distance of 210 km, and 60 per cent of it lay in Chilean territory. With regard to the state of the rail services between Arica and La Paz and equipment in the port, he referred to the report prepared by the Economic Commission for Latin America and the Caribbean (CEPAL/LC/L.463) which provided detailed information on the functioning of the integrated system for the movement of Bolivian transit cargo through the port of Arica and positively assessed the facilities given to Bolivia by Chile. He added that Chile was studying the recommendations of the report with a view to implementing them. He also pointed out that the report did not mention another route which linked La Paz with the port of Iquique in Chile and which was being used to an increasing extent.

299. With reference to the statement by the representative of Bolivia, he said he disagreed with his views on the origin of the Treaty of Peace and Friendship of 1904. The Treaty had been agreed upon 20 years after the conflict and furthermore had been ratified by the legislative authorities of the two countries. Moreover, Chile had taken a number of measures to improve implementation of the provisions of the Treaty.

300. The representative of China said that the particular problems faced by land-locked countries had seriously affected their development. The fact that most of the land-locked countries were also least developed had compounded their development problems and rendered their economies even more fragile. He noted that donor Governments and international institutions had provided assistance to the land-locked developing countries, but that assistance was still inadequate. Such assistance should also be extended to transit countries, because most of them were developing countries with a limited capability to develop adequate transit-transport infrastructure facilities and services for the benefit of land-locked developing countries. He further emphasized the need for effective co-operative arrangements between land-locked developing countries and their transit neighbours in seeking to improve the transit-transport system for the benefit of all concerned.

301. The representative of Canada said that, in terms of Canadian aid strategy, land-locked countries did not constitute a special category. Canadian aid to these countries nevertheless took account of their special characteristics and needs. Moreover, as many of those countries were also least developed, they enjoyed priority under Canadian aid strategy.

Chairman's summing up

302. At the Sessional Committee's closing meeting, on 13 October 1989, the Chairman, summing up the debate on agenda item 7 (a), said that the Committee had discussed secretariat report TD/B/1220, prepared for submission by the Board to the General Assembly in accordance with General Assembly resolution 40/183 and Conference resolution 137 (VI).

303. In considering the report, appreciation had been expressed of the work carried out by the secretariat.

304. Delegations, mainly from developing land-locked countries, had drawn the attention of the Committee to the particular needs and problems of land-locked developing countries, especially to transit problems, and had asked for further action within the framework of UNCTAD. It had been stated that more than one third of the LDCs were land-locked countries. Delegations had referred, inter alia, to the work in UNCTAD related to the particular needs and problems of land-locked developing countries, which had been ongoing since UNCTAD III.

305. Delegations from land-locked countries had appealed to the international community to implement UNCTAD resolutions on land-locked developing countries and to provide the necessary financial support for the technical co-operation activities of the Secretary-General of UNCTAD.

306. Regret had been expressed that the international community had failed to recognize the land-locked countries as a category of countries requiring special assistance, whereas delegations had expressed their appreciation for the valuable support given by individual donor countries and by international organizations, which should be increased. A donor country had stressed that aid given took account of the special characteristics and needs of those recipient countries.

Action by the Sessional Committee

307. At its 6th (closing) meeting, on 13 October 1989, Sessional Committee II took note of the report by the UNCTAD secretariat entitled "Progress in the implementation of specific action related to the particular needs and problems of land-locked developing countries" (TD/B/1220 and Corr.1).

Consideration in plenary

Action by the Board

308. At its 761st meeting, the Board took note of the report by the UNCTAD secretariat entitled "Progress in the implementation of specific action related to the particular needs and problems of land-locked developing countries" (TD/B/1220 and Corr.1) and of the comments thereon in Sessional Committee II.

B. Export promotion: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-second session

309. For its consideration of this item, the Board had before it the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT at its twenty-second session (ITC/AG(XXII)/116 and Add.1) distributed under cover of TD/B/1223.

310. The Secretary-General of UNCTAD, introducing the item, recalled that this year marked the twenty-fifth anniversary not only of UNCTAD but also of ITC. He referred to complementarities between both organizations in support of development and said that an appropriate response to the requirements of

developing countries in the area of international trade, especially at the operational level, would continue to call for close co-operation and co-ordination between UNCTAD and ITC. To this end, the existing UNCTAD/ITC co-ordination mechanisms had recently been reviewed and strengthened. This would result in a better dovetailing of operational activities through more intensive and systematic consultations from the programming to the implementation and follow-up stages.

311. The Chairman of the Joint Advisory Group made an introductory statement in which, on behalf of the Government of Switzerland, he congratulated ITC - on the occasion of its twenty-fifth anniversary - for its valuable work in support of developing countries and hoped that, in future, ITC would continue to move along the path traced during previous years. The Chairman of the Joint Advisory Group then introduced the report of the Group on its twenty-second session. He summarized the main conclusions of the general debate and the recommendations relating to a number of programme areas which had received special attention by the Group. He said that the Group had expressed its support to the objectives pursued by ITC in 1988. He noted with appreciation that at the Joint Advisory Group's twenty-second session, the following countries had announced trust fund contributions to the Centre, Austria, Canada, China, Denmark, Finland, France, the Federal Republic of Germany, India, Ireland, Israel, Italy, Japan, the Netherlands, Norway, Poland, the Republic of Korea, Spain, Sri Lanka, Sweden, Switzerland and the USSR. On behalf of the Group, the Chairman expressed his deep gratitude to these various Governments.

312. The representative of Sweden, speaking on behalf of the Nordic countries (Denmark, Finland, Sweden and Norway) recalled the importance of ITC's role in enhancing the export capabilities of developing countries. He recalled the Nordic countries' support to ITC, and stressed that commodity related activities and activities directed towards the least developed among the developing countries should continue to receive highest attention. He noted that ITC could make an important contribution in promoting sustainable development. He welcomed ITC's efforts in enhancing the role of women in development and paid tribute to the Centre's activities in human resource development. The Nordic countries renewed their appeal to other countries to contribute to or increase their contributions to ITC's technical co-operation programme, and welcomed further funding of ITC projects by UNDP.

313. The representative of the Byelorussian Soviet Socialist Republic acknowledged the important role attributed to ITC by the international community in assisting developing countries in promoting their trade. He noted with satisfaction the increased co-operation between ITC and UNCTAD. He stated that recent developments in the foreign trade policy of his country were opening new possibilities for a more active and comprehensive involvement of the Byelorussian SSR and expressed the interest of his republic in establishing direct co-operation with ITC. He noted with satisfaction that, at its twenty-second session, the JAG had made a number of valuable recommendations in respect of the Centre's future activities. Their implementation would enable ITC to improve its technical co-operation programme and thus enhance its efficiency.

314. The representative of Chile, speaking on behalf of the Latin American Group, underlined the significant role played by ITC in assisting developing countries in promoting their trade. He regretted, however, that, although the

volume of ITC's technical co-operation programme had almost doubled since 1985, the Latin American region had not benefited substantially from this increase. This was due, *inter alia*, to the fact that a large share of the Centre's activities in the region were financed by UNDP, which did not have the required resources to respond to existing needs. In view of the critical economic situation in Latin America and considering that it was highly unlikely that UNDP resources earmarked for the region would be increased, he urged the Centre to intensify its efforts to obtain additional funding for projects in Latin America. He concluded by expressing gratitude to all donor Governments which had announced contributions to ITC. The Latin American countries were particularly grateful to the Governments of Switzerland, the Netherlands, Canada, Norway and the Federal Republic of Germany which were financing ITC programmes in Latin America and the Caribbean.

315. The representative of *Bangladesh* expressed his appreciation for the work ITC had been able to carry out with limited resources. He noted with satisfaction the collaboration of UNCTAD and GATT in the centre's activities. He commended particularly ITC's assistance to the least developed among the developing countries. He noted, however, that the percentage of funds earmarked for LDCs had remained static and hoped that additional resources would be allocated for LDCs in the future. He was confident that ITC would contribute meaningfully to the 1990 United Nations Conference on Least Developed Countries. He urged all donors to make generous contributions to the Centre so that it could continue and expand its activities in the years to come.

316. The representative of *China* commended ITC's work in promoting and expanding the foreign trade of developing countries, particularly in the field of export market development, quality control, strengthening of trade information institutions, training, and in upgrading the export capacity of small- and medium-sized enterprises. These efforts were highly appreciated by the developing countries. His Government considered that, in general, ITC had appropriately used its resources for technical assistance and was confident that, in future, ITC would make further efforts so that its programme would be even more effective.

Action by the Board

317. At its 755th meeting, on 3 October 1989, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-second session and of the comments made thereon.

C. Progressive development of the law of international trade: twenty-second annual report of the United Nations Commission on International Trade Law

318. For its consideration of agenda item 7 (c), the Board had before it the report of the United Nations Commission on International Trade Law on its twenty-second session (A/44/17), circulated under cover of TD/B/1224.

Consideration in Sessional Committee I

319. The spokesman for the *Group of 77* (Philippines) stated that the Group of 77 noted the report of UNCITRAL on its twenty-second session, including the decision adopted by UNCITRAL to submit to the General Assembly

at its forty-fourth session the draft convention on the liability of operators of transport terminals in international trade, with a recommendation for the convening of an international conference of plenipotentiaries to conclude, on the basis of the draft convention approved by the Commission, a Convention on the Liability of Operators of Transport Terminals in International Trade. In view of the importance of the subject, it deserved careful and serious consideration by all Governments in the appropriate United Nations forum. Recalling that General Assembly resolution 2205 (XXI) called for close collaboration between UNCITRAL and other United Nations bodies, she said that such collaboration needed to be strengthened.

320. Finally, on the occasion of the twenty-fifth anniversary of UNCTAD, the Group of 77 reaffirmed its support for the work of the United Nations system, including UNCITRAL and UNCTAD, in the promotion of the harmonization of international trade law as an integral part of international development law to which the Group of 77 attached great importance.

321. The representative of the German Democratic Republic said that the report of UNCITRAL provided proof of UNCITRAL's efforts to contribute to the unification and harmonization of the law in different areas of international economic relations. The draft convention on the liability of operators of transport terminals in international trade, annexed to the report, aimed at filling a long-standing gap in liability regulations.

322. He added that his delegation endorsed the intention of UNCITRAL to prepare a legal guide on the drawing up of international countertrade contracts. He supported the continuation of the work on that topic independently of the efforts being made in that field by the Economic Commission for Europe, where the problems of developing countries would not be considered. UNCITRAL's approach was based on the assumption that a considerable part of international trade was at present, and would most probably be in the future, effected under countertrade contracts which would give rise to legal problems that often could not be settled in a satisfactory manner by the parties involved.

323. Finally, he believed that UNCITRAL did very useful work on international credit transfers, rules for guarantees, and procurement law (tenders). All in all, the report of UNCITRAL met with the approval of his delegation.

Action by Sessional Committee I

324. At its 4th meeting, on 6 October 1989, the Sessional Committee took note of the report of the United Nations Commission on International Trade Law on its twenty-second session (A/44/17) and of the comments made thereon.

Consideration in plenary

Action by the Board

325. At the 761st meeting, the Board took note of the report of the United Nations Commission on International Trade Law on its twenty-second session and of the comments thereon in Sessional Committee I.

Chapter VI

OTHER MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY AND OTHER BODIES (agenda item 8)

A. Special Committee on Preferences

326. For its consideration of agenda item 8 (a), the Board had before it the report of the Special Committee on Preferences on its sixteenth session, held from 24 April to 3 May 1989 (TD/B/1219-TD/B/C.5/125).

Consideration in Sessional Committee I

327. In the absence of the Chairman of the Special Committee on Preferences at its sixteenth session, the report of the Special Committee was introduced by the Vice-Chairman of the Special Committee (Chile).

328. The spokesman for the Group of 77 (India) said that her Group attached very high importance to the GSP and to the Special Committee on Preferences. On the occasion of the twenty-fifth anniversary of UNCTAD it was worth noting that the GSP had been one of the most important outcomes of UNCTAD'S work, in terms of both the principles it had established and the practical effects it had had on the trade and development of the developing countries. The Special Committee had performed a very useful function in monitoring the GSP schemes, seeking their improvement and strengthening their role in the expansion of exports of developing countries. At the sixteenth session of the Special Committee, the constructive dialogue between preference-giving countries and preference-receiving countries had yielded positive results that were reflected in decision 9 (XVI) adopted by the Special Committee. Although the Group of 77 would have liked to have some more elements included in that decision, it would nevertheless regard the work of the sixteenth session as a preparatory phase. She hoped that at the seventeenth session of the Special Committee, which would undertake a comprehensive review of the GSP, decisions would be taken which would go further in improving and strengthening the GSP on the basis of the fundamental principles of its generalized, non-reciprocal and non-discriminatory character.

329. The spokesman for Group D (Poland) underlined the business-like and constructive environment of the sixteenth session of the Special Committee, which had helped participants to understand one another's position on such issues as the practical implementation and improvement of the GSP, technical assistance for developing countries in connection with the use of the GSP, as well as simplification and harmonization of the rules of origin. The high quality of the documentation prepared by the UNCTAD secretariat had, in many respects, helped the participants. Moreover, the transformation of the Working Group on Rules of Origin into a sessional committee of the Special Committee had made it possible to consider in depth the interrelated and complex problems involved.

330. Finally, he drew attention to the need to fulfil the agreed elements of the Final Act of UNCTAD VII, particularly with regard to the role and operation of the GSP and the need to strengthen the work of the Special Committee. The Group D countries reiterated the position they had adopted

during the sixteenth session of the Special Committee, in particular as it related to the observance of the multilaterally agreed principles and the status of the GSP.

Action by Sessional Committee I

331. At its 4th meeting, on 6 October 1989, the Sessional Committee took note of the report of the Special Committee on Preferences on its sixteenth session (TD/B/1219-TD/B/C.5/125) and of the comments thereon.

Consideration in plenary

Action by the Board

332. At its 761st meeting, the Board took note of the report of the Special Committee on Preferences (TD/B/1219-TD/B/C.5/125) and of the comments thereon in Sessional Committee I.

B. Committee on Economic Co-operation among Developing Countries

333. For its consideration of agenda item 8 (b), the Board had before it the report of the Committee on Economic Co-operation among Developing Countries on its fifth session, held from 1 to 12 June 1989 (TD/B/1217-TD/B/C.7/98).

Consideration in Sessional Committee I

334. In the absence of the Chairman of the Committee on Economic Co-operation among Developing Countries at its fifth session, the report of the Committee was introduced by the Vice-Chairman of the Committee (Philippines).

335. The spokesman for the Group of 77 (Sudan) said that the report of the Committee on ECDC demonstrated the vital role of ECDC in the endeavours to improve the international economic environment. In taking note of the report, the Group of 77 called on the UNCTAD secretariat to continue to provide technical assistance to the developing countries of the Group of 77 with a view to strengthening and enhancing the scope of the Global System of Trade Preferences (GSTP); to speed up and allocate adequate resources for completing the study on the assessment of the feasibility of creating an interregional finance facility; and to help in strengthening regional co-operation and integration in the light of the recommendations made by the first meeting of the Heads of Secretariats of Economic Co-operation and Integration Groupings held in Geneva from 15 to 17 March 1989.

336. The spokesman for Group D (Poland) expressed understanding of the processes leading to the strengthening of ECDC. In view of the lack of any fundamental improvement in international economic relations, which had greatly aggravated the development problems of many developing countries, ECDC could become, and in some instances already was, an important factor in the collective mobilization of international resources for sustained development. ECDC was a trend that objectively reflected the internationalization of world economic relations aimed at increasing efficiency in the use of national resources in the interest of those concerned as well as of the whole international community.

337. The Group D countries considered that serious attention should be paid to the proposals made at the fifth session of the Committee on ECDC for strengthened industrial co-operation at the enterprise level in developing countries, the expansion of joint undertakings and the creation of multinational firms. Group D countries considered such developments were positive factors that fostered their co-operation ties with developing countries. Group D was examining thoroughly developments in South-South multilateral trading collaboration, in which of particular importance was the Agreement on the Global System of Trade Preferences (GSTP) which had come into force in April 1989, irrespective of the fact that such examination was made difficult. The lack of official information on results of negotiations had given rise to some doubts as to the non-discriminatory nature of the Agreement. The GSTP ought not to lead to a differentiated approach to non-participating and third countries. The UNCTAD secretariat should monitor the implmentation of the GSTP, and in particular should consider the possibility of an analytical study of this matter. Group D supported the kind of integration among developing countries in which there were no adverse economic consequences for third parties and no tendency towards the development of exclusive economic blocs. The work of the fifth session of the Committee, as reflected in the report, might play an important role in promoting South-South collaboration and in the shaping of ECDC sub-strategies in the context of the International Development Strategy for the Fourth United Nations Development Decade.

Action by Sessional Committee I

338. At its 4th meeting, on 6 October 1989, the Sessional Committee took note of the report of the Committee on Economic Co-operation among Developing Countries on its fifth session (TD/B/1217-TD/B/C.7/98) and of the comments thereon.

Consideration in plenary

Action by the Board

339. At its 761st meeting, the Board took note of the report of the Committee on Economic Co-operation among Developing Countries on its fifth session (TD/B/1217-TD/B/C.7/98) and of the comments thereon in Sessional Committee I.

Chapter VII

UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF THE UNITED NATIONS PROGRAMME OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT 1986-1990

(agenda item 9)

340. Under this agenda item, the Sessional Committee had before it the secretariat document entitled "Progress report on UNCTAD's contribution to the implementation of the UN-PAAERD (Board decision 363 (XXXV))" (TD/B/1222).

341. The Deputy Secretary-General of UNCTAD, introducing the agenda item, 5/ commented on the issues treated under the three major areas of UNCTAD's contribution to UN-PAAERD, i.e. policy research and analysis; technical co-operation activities in suppport of the implementation of UN-PAAERD; and contribution to inter-agency activities and other initiatives. The basic issue was how UNCTAD could enhance its contribution to the Programme of Action.

342. On policy analysis and research activities, he said that efforts had been made to bring out the African dimension in the secretariat's work in the area of policy research and analysis. This provided useful information, but more remained to be done to single out African specificity in the secretariat's work. In addition, UNCTAD assisted the United Nations Secretary-General's Group of Experts on African Commodity Problems, which entailed in-depth analysis on the role of commodities in development and on ways to alleviate obstacles faced by Africa in this area. This type of specific effort could be considered for other sectors. On technical assistance, he said that 20 per cent of UNCTAD's global technical co-operation was concerned with interregional programmes (of which a large part related to Africa), and 80 per cent was directed to regional and country projects, of which about 50 per cent related to Africa. Despite the important share of UNCTAD technical assistance devoted to Africa, he noted, however, that UNCTAD's co-operation in Africa was modest in comparison with the many needs of the African countries, individually or collectively.

343. Pointing out the limits imposed by funding constraints, he said that resources from UNDP's Regional Programme for Africa were limited. He noted with appreciation that some donor Governments were responding favourably to requests for support for high-priority projects, and expressed the hope that other donors would give serious consideration to providing such resources.

344. There were a number of activities that UNCTAD had undertaken over time to try to ascertain the needs of African countries. Recently the secretariat had mounted a needs appraisal mission to five countries, as reported in the progress report by the Secretary-General of UNCTAD. It might be necessary to extend such country missions within the limit of budgetary resources in order to have a representative sample of the African countries, provided there was full support and preparedness on the part of UNCTAD and the Government concerned, as well as UNDP.

345. Referring to the Expert Group on African Commodity Problems appointed by the Secretary-General of the United Nations, he provided information on the Group's activities, and said there were preliminary indications that recommendations would be addressed to African Governments, multilateral

best copy available

agencies, and Governments of consuming and producing countries. Such recommendations would be more general on the commodity environment and more specific on the actions that needed to be taken in the commodity sector itself. Among these would be efforts to increase productivity through a policy package; African co-operation in several fields; financial support; access to markets; and development of processing activities by joint ventures between national and foreign firms.

346. The spokesman for the Group of 77 (Egypt) said that, since the initiation of the UN-PAAERD, the analyses of various sources had indicated that there was a general worsening of the economic situation in Africa. The general deterioration in the terms of trade, the persistent decline in commodity prices, and the worsening of the principal debt indicators were only an indication of the very dramatic developments that had taken place in the continent. The deterioration had affected the various categories of African countries. Moreover, during the period spanned by UN-PAAERD, per capita incomes had fallen in general. He emphasized that the decline in commodity prices and Africa's market shares were at the forefront of the major impediments to recovery and development in Africa.

347. He believed that the huge volume of external indebtedness and the burden of debt service payments were a crucial constraint on economic recovery and development in Africa. The flow of resources to Africa was still insufficient. This was particularly serious in view of the decline in commodity and other export revenues. He stressed the need for improvements in current rescheduling practices with a view to lessening debt service payments and making new financial flows available to Africa.

348. The Group of 77 welcomed the new initiatives on debt. The Group also welcomed the International Symposium on African External Indebtedness co-sponsored by the Organization of African Unity and the Egyptian Government, in preparation for the OAU's summit call to convene an international conference on African external indebtedness. The Group further appreciated the symposium on African and Latin American debt co-sponsored by the Governments of the Arab Republic of Egypt and Mexico and held at Cairo in August 1989 as a positive exchange of experience on the debt problem by two regions of the third world.

349. The Group of 77 expressed its continued appreciation for the work carried out to date in UNCTAD's contribution to UN-PAAERD and welcomed the initial steps undertaken by the secretariat to implement Board decision 363 (XXXV). The Group of 77 was looking forward to the outcome of the work of the Expert Group on African Commodity Problems. The Group of 77 also paid tribute to UNCTAD's role in assisting African least developed countries in preparing country presentations before the Second United Nations Conference on Least Developed Countries, to be held in September 1990.

350. He requested that information on African countries beneficiaries of UNCTAD's interregional programmes for developing countries be provided in more detail in order to obtain a clearer picture of UNCTAD's contribution to UN-PAAERD.

351. UNCTAD technical assistance in Africa had to be directed at efforts to diversify the commodity sectors of the African economies; promotion of South-South trade and East-South trade; debt management, including debt

negotiations; economic groupings and integration schemes of African countries; human resources development; strengthening of institutional capacity; the services sector; and the area of technology transfer. His Group wished to underline the importance of ensuring that future reports by the UNCTAD secretariat on UNCTAD's contribution to UN-PAAERD should cover the whole continent.

352. The Group of 77 fully supported the efforts by the Secretary-General of UNCTAD to mobilize additional resources to enable UNCTAD to play its role in implementing UN-PAAERD. His Group saw the need for additional regular and extra-budgetary resources.

353. He concluded by noting that, while UN-PAAERD was supposed to end in 1990, the problems facing Africa would not be solved in the short time remaining. The UN-PAAERD represented only a starting point for the emerging awareness on the part of the international community of the magnitude of Africa's commodity problems and their multidimensional nature. Consequently, the Group of 77 called for the early preparation of UNCTAD's intergovernmental input into the final appraisal by the United Nations General Assembly of the implementation of UN-PAAERD. To that end, the Group proposed the utilization of the Secretary-General of UNCTAD's Special Consultations on Africa.

354. The representative of Canada said that his country attached great importance to UN-PAAERD. At the last Board session, Canada had called for intensification of UNCTAD's contribution to the Programme of Action. He welcomed the indication in secretariat document TD/B/1222 that there had been an increase in technical assistance in that area. The primary responsibility for recovery lay with the African countries themselves, but a supportive external environment was a necessity. Canada had taken several bilateral measures to increase aid to Africa and to make its aid programme more effective. They included a decision to extend all bilateral ODA in the form of grants, cancellation of ODA debts (in 13 African countries), the allocation of 45 per cent of total bilateral aid to Africa, and assistance to priority areas such as agriculture and human resources development.

355. In the multilateral context, Canada had supported more favourable treatment of the debt problems of the poorest debt-distressed countries. Canada had given concessional interest rates to many sub-Saharan countries in the context of Paris Club reschedulings pursuant to the Toronto Summit agreement. Canada had also contributed resources to the Enhanced Structural Adjustment Facility of the IMF and for the eighth replenishment of IDA. Other initiatives included Africa:2000 - a 15-year programme to boost African development in key areas of food security and reforestation. Canada also supported initiatives aimed at liberalization of commodity trade and encouraged efforts to diversify and promote non-traditional exports to reduce the vulnerability of African economies to fluctuations in world markets. The international community and many African countries had made serious efforts to bring about the recovery of the continent, but it would take time before the impact of the measures taken were evident in the economic, social and environmental areas.

356. The representative of Kenya noted that the present session of the Board was taking place as the process for multilateral technical co-operation for development focused on the discussion of a new International Development Strategy, the preparations for the Second United Nations Conference on the

Least Developed Countries, the forthcoming special session of the General Assembly, and the meetings of the Interim and Development Committees. It was in that broad context of multilateral technical co-operation that he would make a few comments on how such co-operation could be drawn upon to provide assistance from the donor community and the United Nations system to African countries.

357. The openness of the African economies was well known, and it accounted for the close relationship that existed between the domestic and external aspects of development. The external scene was characterized by extraordinarily rapid changes in the world economy, and the structures of the African economies were not yet capable of adapting to a fast pace of global change. Africa needed assistance to build strong and flexible socio-economic structures to cope with the needs of a rapidly changing world.

358. His Government wished to express its appreciation to UNCTAD for the organization's contribution to the implementation of UN-PAAERD to date within the limited resources available, and it particularly commended the special needs appraisal mission sent to hold on-site discussions of the technical co-operation needs of the African countries. He requested that further missions be sent, covering other parts of the continent as well. He also commended the secretariat's substantive contribution to the Expert Group on African Commodity Problems appointed by the Secretary-General of the United Nations.

359. Noting that African countries were being urged to pursue export-oriented development strategies, he pointed out that the African economies needed fundamental structural transformation to be in a position to pursue such strategies. There was a great need, therefore, for assistance in the area of national capacity building.

360. The spokesman for Group B (United States of America) said that his Group was pleased with the secretariat document, which stemmed from UNCTAD's task of assisting African States in their implementation of the UN-PAAERD by providing policy research and analysis and also technical assistance in those areas falling within UNCTAD's mandate. As with the Trade and Development Report, 1989, his Group applauded the attention given by the secretariat to the least developed countries.

361. His Group pledged that it would continue to support UNCTAD's valuable contribution to African economic recovery and development through the efforts of the UN-PAAERD 1986-1990 and beyond. UNCTAD would have to take into account other bilateral and multilateral technical assistance to African countries in order to avoid unnecessary overlap and duplication with other agencies and donors and to improve overall efficiency. UNCTAD's focus for assistance to Africa should also be sharpened and its efforts should become less broadly encompassing as experience was gained and priorities were established, with due consideration for the use of resources.

362. His Group viewed Africa's economic problems as serious but solvable through a mixture of economic reforms relying on realistic, well-defined and long-term structural adjustment programmes, increased concessional financing and grant assistance, and national and international policies that stimulated trade and increased foreign investment.

363. Over the past 12 months, multilateral agencies and bilateral donors had accelerated their assistance to African countries. Overall, DAC countries' ODA to sub-Saharan Africa had been increasing, both absolutely and proportionately, in comparison to other regions. ODA to countries that had instituted structural adjustment programmes had increased every year since 1986. Following the Paris and Toronto Summit communiqués, debt and debt service relief had also accelerated at a rapid pace. This was a good overall example of how to meet the serious crisis in Africa - increased external assistance and debt relief matched by better internal policies which created the conditions for better utilization for such external sources.

364. Regarding the effects of these external and internal efforts to promote sustained economic growth in Africa, his Group believed that more time had to be given to the programmes before their effectiveness could be assessed. Many African countries operated under numerous constraints - political unrest, natural and man-made disasters, ecological problems - all of which undercut the effectiveness of structural reform. In addition many countries suffered from general economic management problems.

365. His Group recognized that, in the short and medium term, some of the poorest had been negatively affected. However, over the longer term, the poor were likely to be even more negatively affected by lack of adjustment. In the long term, the costs of adjustment were less than the costs of avoiding or delaying adjustment. His Group recognized the efforts of individual countries in Africa to deal with their economic problems; a large number of African countries had launched major economic reforms, and his Group was encouraged by this growing acceptance among African countries of the need to adopt appropriate, growth-oriented structural adjustment policies.

366. The secretariat report provided an informative account of UNCTAD's efforts in support of UN-PAAERD through programmes which focused on trade in commodities, intra-African trade, trade with developed market economies, South-South co-operation, trade with socialist countries, debt and resource flows, technology transfer, transformation, enterprise co-operation, and special programmes for least developed, land-locked and island developing countries. UNCTAD might wish to consider concentrating its efforts on a few specific priority areas, *inter alia* its technical assistance programme.

367. His Group, since the start of UN-PAAERD, had always believed that the best way to continue the process of reform was to support the efforts of the African countries themselves to increase the capacity of their people to participate more meaningfully in their economies through activities which supported the basic goal of achieving sustained economic growth. The international community had made a concerted effort to provide new resources to support economic reform. Group B recognized that reform had been difficult for African countries and their people, but it had to be emphasized that Africa was at the beginning of a reform process, not at the end.

368. The representative of *Group D* (USSR) commended UNCTAD's activities in the implementation of Board decision 363 (XXXV). He noted modest progress in the implementation of UN-PAAERD, but the external environment was still unfavourable for the African countries, and despite efforts by the African countries the situation remained bleak for most of them. He noted that the absence of stable and sustainable development, particularly in Africa, had

adverse consequences for the rest of the world. Noting that overcoming the crisis on the African continent depended mainly on the African countries' actions, he underlined the importance of international support in that area.

369. Joint efforts to address the African situation necessitated respecting the sovereignty of the African countries, as well as taking into account the historical background to African problems. The economic reorganization undertaken by these countries had had no rapid, positive effects on the social situation in Africa. The development of national economies in all sectors, including the State, co-operative, private and other sectors, necessarily involved efforts to develop industry, agriculture infrastructure and the services sector. Education and health services needed to be strengthened. In this context his Group supported the appeal in the secretariat documentation for efforts directed at human resources development.

370. He considered that development in Africa was only possible on the basis of implementation, in the multilateral context, of policies conducive to stable growth in the world community in general. His Group was willing to co-operate, in both bilateral and multilateral contexts, to seek ways of solving the urgent problems of social and economic development of the African countries.

371. The representative of Egypt said that his country endorsed the statement by the spokesman for the Group of 77. The critical economic situation in Africa called for decisive action on the part of the international community to assist the African countries. The external sector had deteriorated, with worsening terms of trade, falls in prices of commodities, shortfalls in foreign exchange earnings from commodity exports, and an exacerbated external debt service burden.

372. He noted that many African countries had undertaken painful structural adjustment programmes. These programmes had undermined social stability and development. The international community had to provide a favourable external environment if such programmes were to produce positive results. He called for particular attention to be paid to the problems of two categories of African countries, namely the least developed countries and low and middle-income highly indebted countries. It was also necessary to reformulate the programmes to take into account long-term aspects of development. There had to be more support for African countries' efforts in the field of agriculture - particularly food security.

373. His country had noticed with concern the negative impact of natural disasters on development in Africa and the destabilizing role played by the racist régime in South Africa on the development potential in Africa, particularly in Southern and Eastern Africa.

374. His country welcomed the work of the Expert Group on African Commodity Problems, and he added that the Arab Republic of Egypt had hosted two seminars on debt. The first had been organized in collaboration with Mexico to share common experiences on debt between African and Latin American countries. The second had concerned African debt. It had been organized in collaboration with the OAU and in the context of the preparations for the International Conference on Africa's External Indebtedness called for by the OAU.

375. His delegation reaffirmed the need to implement Board decision 363 (XXXV) and expressed appreciation for UNCTAD's role in its contributions to the implementation of UN-PAAERD. His delegation appreciated the needs appraisal mission, and hoped that such missions would be extended to all parts of the continent. He emphasized that UNCTAD's documentation on UN-PAAERD should cover all of Africa.

376. UNCTAD's work on UN-PAAERD should continue to stress research, analysis and technical assistance pertinent to Africa. These ought to include the services sector, human resources development, debt management and a study of the impact of structural adjustment programmes. He appealed to the international community to mobilize further efforts to contribute to UN-PAAERD and called for a timely input by UNCTAD into the assessment of the UN-PAAERD by the General Assembly at its forty-sixth session.

377. The representative of China noted that the secretariat document on the item (TD/B/1222) had updated the information concerning UNCTAD's operational activities in Africa and the priorities stated in the UN-PAAERD. It provided very good background material for the Sessional Committee's deliberations.

378. In the four years since the adoption of UN-PAAERD, the immense efforts of the African countries to undertake economic structural adjustment and reform, and the assistance rendered by the international community, had to a certain extent improved the economic situation in some sectors in certain African countries. However, generally speaking, African countries were still bogged down in great difficulties. In 1988, the 2.4 per cent GDP growth rate, the highest in the 1980s, had been lower than the 3.1 per cent population growth rate in that year. Average per capita income was still declining.

379. His delegation's view was that the international external environment was an essential factor in helping the African economies to recover. Action should include, for example, stabilization of export earnings from primary commodities, assisting the African countries to increase their share in the processing, marketing and transport of primary products, and assistance for the African countries in diversifying commodity production and marketing. The developed countries had to eliminate their trade protectionism against the African countries and grant the necessary concessions in loans, trade and other areas, as called for in the Final Act of UNCTAD VII.

380. He noted that implementation of UN-PAAERD had one more year before it came to an end, and his delegation hoped that UNCTAD would mobilize more resources in order to provide the African countries with the necessary technical assistance. He also expressed the hope that the developed countries would make every effort to carry out the resolutions adopted by the General Assembly at its thirteenth special session. China, as a developing socialist country, would base itself on the spirit of South-South co-operation in offering assistance and co-operation, within its capabilities, to the African economies.

381. The representative of the Ukrainian Soviet Socialist Republic considered that secretariat document TD/B/1222 gave a good assessment of the trade and development aspects of the economic crisis affecting African countries and also provided useful information on UNCTAD's activities in support of UN-PAAERD. Noting that the following year would see the end of the Programme of Action, he said that existing evidence, as indicated by document TD/B/1222,

the Trade and Development Report, 1989 and other documents, led to the conclusion that the aims and tasks of the Programme of Action were far from being accomplished. Despite considerable efforts on the part of the African countries, as well as the international community, the African situation had not improved. This was the result of an international division of labour that was not favourable to Africa.

382. Moreover, Africa was extremely dependent on external factors. Commodity prices had been unstable, export earnings had been falling, and African exports faced protectionist barriers in the developed countries. His delegation was concerned about the African countries' indebtedness, which was now three times the amount of their exports.

383. His delegation had given details of the Ukrainian SSR's assistance programme to Africa at the previous Board session. He wished to reiterate that its programme was based on respect for the sovereignty of the African countries and non-interference in the internal affairs of these sovereign States and that it endeavoured to promote development.

384. UNCTAD's contribution to UN-PAAERD should include the elaboration of effective measures to overcome protectionism; analysis of the debt issue; and work on the restructuring of the international system in the monetary and financial areas.

385. The representative of Iraq stated that Africa's economic problems were a result of colonialism, imperialism and destabilization by the South African *apartheid* régime. UNCTAD, therefore, had to give assistance that differed from the routine assistance normally given to developing countries. His country endorsed the statement by the spokesman for the Group of 77.

386. The representative of Tunisia stated that his delegation welcomed the introductory statement by the Deputy Secretary-General of UNCTAD and document TD/B/1222. His delegation endorsed the statement by the spokesman of the Group of 77. He noted that, after three years of the Programme of Action, there was little evidence of an improvement in the critical situation in Africa. The major obstacles were falling commodity prices, fluctuations in export earnings, and escalation of the external debt, resulting in a negative transfer of financial resources from Africa to the developed countries, including multilateral financial institutions. Furthermore, protectionism by major trading blocs, coupled with natural disasters, had further exacerbated the situation and hampered African efforts to implement medium- and long-term micro- or macro-economic strategies.

387. The commodity-dependent African countries were highly vulnerable to the vicissitudes of the world economy. A supportive external environment was necessary if they were to make any progress at all. Many African countries, including his own, were undertaking structural adjustment programmes, but the positive results that had been hoped for had been far below expectations.

388. His country attached great importance to the Programme of Action and believed that its success would depend on international solidarity based on mutual interest. In this regard, UNCTAD was one of the few international institutions that had made an effective contribution to the Programme of Action, as demonstrated by document TD/B/1222. His delegation highly appreciated the needs appraisal mission, which should be continued and cover

all parts of Africa. His delegation noted with regret that financial resources for the UNDP fourth cycle were almost exhausted and appealed to the donor community to provide UNCTAD with the required resources to enable it to accomplish its task of contributing to UN-PAAERD.

389. At the Sessional Committee's 4th meeting, on 6 October 1989, the representative of Jamaica, acting on behalf of the States members of the Group of 77, submitted draft decision TD/B(XXXVI)/SC.2/L.2, entitled "UNCTAD's contribution to UN-PAAERD".

390. At the Sessional Committee's 5th meeting, on 9 October 1989, the representative of Jamaica, acting on behalf of the States members of the Group of 77, submitted draft decision TD/B(XXXVI)/SC.2/L.2/Rev.1.

391. At the Sessional Committee's 6th meeting, on 13 October 1989, the Chairman submitted draft decision TD/B(XXXVI)/SC.2/L.3, entitled "UNCTAD's contribution to UN-PAAERD".

Action by Sessional Committee II

392. At its 6th (closing) meeting, on 13 October 1989, Sessional Committee II approved draft decision TD/B(XXXVI)/SC.2/L.3 and recommended it to the Trade and Development Board for adoption.

393. At the same meeting, draft decision TD/B(XXXVI)/SC.2/L.2/Rev.1 was withdrawn by its sponsors.

Consideration in plenary

Action by the Board

394. At the 761st meeting, the Board adopted draft decision TD/B(XXXVI)/SC.2/L.3 (for the text, see part I above, decision 372 (XXXVI)).

Chapter VIII

PROGRAMME EVALUATION IN UNCTAD
(agenda item 10)

395. For its consideration of agenda item 10, the Trade and Development Board had before it the following document:

> "Programme evaluation in UNCTAD" - report by the Secretary-General of UNCTAD (TD/B/1225).

Consideration in Sessional Committee I

396. Introducing this agenda item, the Chairman of the Committee stated that, after he had consulted with the regional co-ordinators and China on the most efficient manner in which to handle this item, all of them had expressed satisfaction with the progress achieved so far in the management evaluation system in UNCTAD and had indicated that they did not have any new elements to bring to the attention of the Board at this stage.

Action by Sessional Committee I

397. At its 3rd meeting, on 4 October 1989, the Sessional Committee took note of the report by the Secretary-General of UNCTAD entitled "Programme evaluation in UNCTAD" (TD/B/1225).

Consideration in plenary

Action by the Board

398. At its 761st meeting, the Board took note of the report by the Secretary-General of UNCTAD entitled "Programme evaluation in UNCTAD" (TD/B/1225).

Chapter IX

ASSISTANCE TO THE PALESTINIAN PEOPLE (CONFERENCE RESOLUTIONS 146 (VI) OF 2 JULY 1983 AND 169 (VII) OF 3 AUGUST 1987)

(agenda item 11)

399. For its consideration of agenda item 11, the Trade and Development Board had before it the following document:

> "Recent economic developments in the occupied Palestinian territory" - report by the UNCTAD secretariat (TD/B/1221).

Consideration in Sessional Committee I

400. The representative of the UNCTAD secretariat, introducing the report entitled "Recent economic developments in the occupied Palestinian territory" (TD/B/1221), briefly highlighted major developments in the Palestinian economy since the previous report to the Board and the difficulties confronting some of the main sectors of the economy. He referred to the sanctions imposed on the Palestinian economy by the Israeli occupation authorities since the uprising and the entrepreneurial and community initiatives taken by the Palestinian people with a view to promoting self-reliance while at the same time safeguarding economic integrity, including the protection of local institutions.

401. He identified in particular specific sectors and areas which held the potential for the immediate revival of the Palestinian economy and which offered prospects for its growth and development. Referring to the range of feasible recommendations in the report, he appealed for international assistance, on both a bilateral and multilateral basis, in support of their implementation.

402. The observer for Palestine noted that the Special Economic Unit had commenced work on a comprehensive study of the Palestinian national economy, as requested by Board resolution 239 (XXIII). A small part of the required extrabudgetary finance for this study had already been secured. He urged UNCTAD to approach IMF and the World Bank for assistance in the preparation of the study, which should be entitled "Palestine: towards a new economic order". He hoped that the first part would be ready by May 1990 for presentation at a forthcoming seminar in the Netherlands on the Palestinian national economy.

403. He appreciated the work of the Unit in the area of statistics and hoped that it would be further developed. He also welcomed UNCTAD's participation in a mission of the International Trade Centre UNCTAD/GATT, funded by UNDP, to occupied Palestine in connection with the preparation of a feasibility study for the establishment of a Palestinian marketing centre. The Unit, though small in size, had achieved significant results, and had prepared some of the best studies and reports on the Palestinian national economy, including the present excellent report. He expressed gratitude to the Secretary-General of UNCTAD for his active role in guiding and facilitating the work of the Unit. Owing to the increasing duties of the Unit, he hoped that it would be strengthened by the addition of two researchers, although he was aware of the technicalities involved in such a step.

404. He noted that TD/B/1221 indicated clearly that the Israeli occupation authorities had blockaded the territory of the State of Palestine militarily and economically and had rendered the Palestinian national economy dependent and subservient to the Israeli one. Since the intifadah, the occupation authorities had punished the Palestinian people by resorting to economic sieges, destruction of crops and property and bans on farming. Consequently, the Palestinian people had been forced to resort to down-to-earth methods of survival. He was grateful to those countries, United Nations agencies and other bodies that had provided and channelled emergency assistance to the Palestinian people. He added that the problems facing Palestinian agriculture had been reflected in industry, and that the Israeli authorities were determined to prevent the emergence of even a modest industrial base in the occupied State of Palestine, as was exhibited by the Israeli refusal to issue a licence for the establishment of a cement plant in the occupied territories despite the increasing need for such a plant. Israeli measures had also adversely affected Palestinian trade and financial activities. The intifadah's call for a tax revolt by Palestinians had been met with a severe crackdown by the Israeli authorities, and for the first time since 1967 the occupation had become a burden on the Israeli economy instead of a benefit.

405. He expressed gratitude to countries members of the Global System of Trade Preferences (GSTP) for admitting the State of Palestine on 25 July 1989 and he thanked all countries, including States members of EEC, for extending preferential treatent to Palestinian exports. The State of Palestine wished to reciprocate this treatment by admitting exports from these countries free of customs duty. He requested formally and officially that the European Commission exert efforts to end Israeli interference in the importation to Palestine of European goods. His delegation would be following up its request with the European Commission and the European Parliament. He requested help from the UNCTAD secretariat in elaborating this issue and looked forward to a report on the subject.

406. In conclusion, he said that the Palestinian people were determined to continue their resistance to Israeli occupation until they achieved their national goals, whatever the price might be. Already, the Palestinian economy had incurred losses amounting to $1 billion in 1988, but freedom was priceless.

407. The representative of Israel stated that the report (TD/B/1221) seemed to support a policy of boycott of Israel by the Arab residents of the territories. Such an approach was taking place while sincere efforts were being made to promote a political process with local Palestinian leaders. At a time when general wisdom and experience were calling for international economic integration through such key words as "interdependence", the Palestinians were being encouraged to stay out of the general trend. This did not make political sense, nor did it make any economic sense. The report failed to mention that, under Arab administration, the areas had been characterized by a low level of development, slow growth and high unemployment, and that the big step forward in the economic and social fields had been taken under the Israeli administration, at least until the beginning of the intifadah. Without giving due credit to Israel, the report nevertheless showed how strong this growth had been between the late 1970s and the beginning of the intifadah. Common sense and reality pointed to one conclusion: that, whether one liked it or not, the economic ties between the territories and Israel and Arab States, especially Jordan, would remain vital for the Arab residents of these territories. The prospects for agricultural development were limited

and industry was unable to expand in view of fierce world competition. Thirty per cent of the Palestinian labour force (more than 100,000 workers) could not manage to make a decent living without job opportunities in Israel. To disregard these factors of regional reality amounted to the encouragement of rejectionism and extremism, which could only prolong the conflict.

408. He observed that there was one clear difference between TD/B/1221 and all other UNCTAD documents. Whereas in other documents the discussion of economic performance was supported by a wealth of statistical tables, there were none in this report, although much of the text was devoted to quantitative variables. According to the report, per capita GNP in 1987 in the territories had been higher than in Jordan, in the Syrian Arab Republic and in every other non-oil-exporting Arab country. He asked how many developing countries had attained, during 1981-1987, an annual per capita GDP growth rate of 0.8 per cent. With respect to savings, he stated that only 11 out of 72 developing countries for which figures were available had higher rates of savings than that of the territories.

409. The spokesman for the Group of 77 (Bangladesh) congratulated the secretariat for a comprehensive report that brought into focus Israeli policies and practices as well as Palestinian initiatives and dealt with the performance of the economy until 1989 on an aggregate and sectoral basis. Palestinian initiatives aimed at disengaging the Palestinian economy from the Israeli economy and setting the basis for self-sustained economic development had been praised by the international community. A number of measures had also been taken at the Arab regional level as well as the international level to assist the Palestinian people in their struggle, including the decisions taken at the Arab Summit in Algiers, the resolutions of the Arab Economic and Social Council and the trade concessions made by the European Economic Community. Similarly, the Declaration adopted by the Non-Aligned Movement at its 40th anniversary meeting had noted the deteriorating living conditions of the Palestinian people, expressed support for their intifadah and its economic initiatives, and called for assistance to the Palestinian people through the Palestine Liberation Organization and the relevant United Nations bodies. Notwithstanding the significance of these measures, recent Palestinian initiatives to protect the domestic economy and ensure survival had received, so far, only limited practical support from the international community. Many areas of the economy continued to be neglected under the sheer weight of the emergency relief requirements. The territory's inability to generate from domestic sources more than two thirds of its national income pointed to the need for domestic economic restructuring and reform, with the Palestinians being allowed and encouraged to shoulder the responsibilities of their economic policy formulation and management. The UNCTAD secretariat's project proposal for the establishment of a Palestinian investment project evaluation centre in the occupied territory provided a constructive way of helping Palestinian efforts to meet some of the basic requirements.

410. He observed that several needs in agriculture remained unfulfilled, including free access by Palestinian people to their land and water resources, vigorous crop diversification, a balanced approach to encouraging cultivation for export and safeguarding Palestinian food security, and ensuring the full participation of Palestinian producers in decision-making on production and marketing. The new self-reliant orientations in Palestinian industrial patterns signalled the beginning of an independent approach to dealing with the problems of the Palestinian industrial sector. In particular, assistance

could be focused on building the institutions and expertise needed to rationalize and prioritize investment and expansion decisions in industry in a co-ordinated manner, within the overall frame of economic policy. Such aspects as improved production techniques, industrial zoning, financial facilities, energy and physical infrastucture were also in need of immediate assistance. Trends observed in the Palestinian labour force since the uprising reaffirmed the relevance of the UNCTAD secretariat's recommendations calling for the vigorous creation of local employment opportunities in order to reduce external dependence and to employ labour in priority domestic sectors. The hardships faced by the impoverished elements of the Palestinian labour force deserved special attention. The inherent inadequacies of the existing financial structures pointed to the urgent need for a relaxation of the Israeli measures and the reform of the Palestinian monetary and fiscal systems, as elaborated by the UNCTAD secretariat in its study of the Palestinian financial sector (UNCTAD/ST/SEU/3) and in its report to the Board. The secretariat's study on Palestinian external trade (UNCTAD/RDP/SEU/1) put forward comprehensive policy recommendations for the development of the external sector. The measures proposed included the development of quality and health control facilities, improved packaging procedures and materials, enhanced access to markets, better transport and storage facilities, a more prominent and effective role for chambers of commerce, co-operatives and research facilities, and financial and credit facilities capable of serving the trade sector. Feasible local efforts in all these areas could benefit from international assistance, including technical support.

411. He noted that recent international moves to encourage Palestinian exports emphasized the need for the provision of necessary infrastructures to promote and develop Palestinian external trade in both agricultural and industrial products. At the forefront of feasible action was the establishment of a Palestinian marketing facility in the occupied territory capable of effectively promoting exports and helping to rationalize imports and patterns of domestic trade (as called for in Conference resolution 169 (VII)). The tripartite effort of UNCTAD-ITC-UNDP to pave the way for the establishment of such facilities was a welcome move which showed how substantive research and studies could lead to tangible and feasible results in the field of technical assistance to the Palestinian people.

412. The spokesman for Group D (Poland) said that the secretariat report showed that a serious economic situation prevailed in the occupied Palestinian territories, with the persistence of a trade deficit with Israel. Such a state of affairs gave cause for serious concern. The only way of solving the Middle East problem, including its trade and economic aspects, was through a comprehensive settlement that recognized the right for independent and secure coexistence and development of all States in the region, including the legitimate rights of the Palestinian people. This could best be achieved by convening an international conference, preferably under the auspices of the United Nations, which would include Israel, the Palestine Liberation Organization and the permanent members of the Security Council. Undoubtedly, UNCTAD could continue to make its contribution by actively participating in the search for solutions to improve the economic and social situation in the occupied Palestinian territories.

413. The representative of China stated that the report reflected the significant effort made by the secretariat on the implementation of UNCTAD VI and UNCTAD VII resolutions on the Palestinian economy. She believed that the

series of restrictive measures applied by the Israeli authorities for the purpose of economic pillage had resulted in a drastic drop in Palestine's domestic and national product, a considerable decline in agricultural and industrial production and in commodities, great loss of raw materials and human resources, and numerous barriers to foreign trade. The integrated policy measures put forward in this and previous reports and studies by the secretariat constituted positive recommendations in line with the spirit of Conference resolution 169 (VII) on assistance to the Palestinian people. She hoped that the international community would implement this resolution effectively by providing Palestine with continued assistance so that the Palestinian people could develop their economy and trade and raise their living standards. Finally, she reiterated her Government's unswerving support for the just struggle of the Palestinian people to gain their legitimate economic rights and national liberation.

414. The representative of Egypt expressed full support for the statements of the Group of 77, Group D, China and Palestine. He appreciated the great efforts made by the Special Economic Unit in preparing the valuable study on "Palestinian external trade under Israeli occupation" (UNCTAD/RDP/SEU/1) and the comprehensive report now before the Board (TB/B/1221). These documents provided the international community with the necessary data and analyses for formulating policies and measures to help in promoting the economic development of the occupied Palestinian territory, and paved the way for the Palestinian people to assume responsibility for managing their own economy.

415. He pointed to the dangers inherent in the sharp fall in Palestinian economic activity in various sectors in 1988 as a result of the harsh restrictions placed by the Israeli occupation authorities on Palestinian economic activity. Those restrictions were aimed at quelling the uprising and preventing the Palestinian economy from freeing itself of dependence on Israel. The statistics and information provided by the representative of Israel to prove that living conditions in the occupied territories had been better before the uprising were inconsistent with the Special Unit's report, but above all they could not be used to justify occupation or to deny the right to freedom of the Palestinian people.

416. He supported an inter-sectoral approach to strengthening Palestinian external trade and called for greater attention to ending Israeli constraints on Palestinian production and marketing. He welcomed the EEC's decision to extend preferential treatment to some Palestinian exports, expressed the hope that administrative and political obstacles would be removed so that the Palestinian people could benefit from such arrangements to the maximum extent possible, and called on other States and regional communities to follow suit. He expressed the hope that other countries would grant market access to Palestinian products while preserving the Palestinian identity of these products. He hoped that Palestinian exports would be granted treatment similar to that granted to LDCs until the phase of Palestine's independence. He attached special importance to the forthcoming ITC-UNCTAD-UNDP mission to prepare the feasibility study for the establishment of a Palestinian marketing centre and hoped that the ITC experts would help Palestinian producers and exporters in the establishment of a global programme for export promotion.

417. He said that it was important for UNCTAD to rely on Palestinian and Arab sources of data and PLO sources, as well as on field investigations in the occupied territory, in preparing its reports and studies. This would help to

reach policy recommendations which could underpin the development of the Palestinian economy after independence. His delegation would continue to co-operate with UNCTAD and all parties, in particular the PLO, in providing feasible assistance to the Palestinian people. Finally, he expressed support for the suggestion of the observer for Palestine that the research staff of the Special Economic Unit be strengthened with two additional researchers to allow for the preparation of an integrated data base on the Palestinian national economy.

418. The representative of Jordan thanked the Special Economic Unit for the valuable report before the Board. He reaffirmed the importance attached by his delegation to the work of the Unit and the need to provide it with sufficient resources to allow it to fulfil its forthcoming work programme.

419. He noted that the report highlighted the economic aspects of the Palestinian intifadah, which aimed to end the Israeli occupation and to achieve the legitimate rights of the Palestinian people. It focused on the Palestinian initiatives for self-reliant development, and the arbitrary Israeli economic practices aimed at crushing the intifadah, which had resulted in further deterioration of economic conditions. The economy of the occupied territory was passing through a most difficult period as a result of the measures and practices resorted to by the Israeli occupation authorities, as specified in paragraphs 4 and 5 of the report.

420. Although the report provided ample testimony to the conditions in the occupied territory, the performance of agriculture offered a particularly acute example of the sufferings of Palestinians under Israeli occupation. Israel had expropriated 52 per cent of Palestinian land in the West Bank, thus preventing agricultural expansion, and had exploited water resources in the West Bank and Gaza for its own direct interests and those of its settlers, as indicated in paragraph 42 of the report. Yet agriculture was not the only sector to suffer from Israeli practices: industry, labour and external trade had also been affected by restrictive Israeli practices and growing constraints, which had led to a sharp fall in their performance.

421. The refusal of the Palestinian people to allow continued deterioration of their economy had been clearly demonstrated in the economic initiatives adopted since the beginning of the intifadah. These initiatives aimed at separating the Palestinian economy from Israel and achieving self-reliance through community efforts. He therefore urged the international community to provide the necessary assistance to the Palestinian people in the occupied territory to allow them to withstand the crisis in their economic conditions. He hoped that the UNCTAD secretariat would maintain its support for the Unit so that it could continue to fulfil the tasks with which it had been entrusted.

422. The representative of the Syrian Arab Republic praised the Special Economic Unit for the information it had provided on the economic conditions in the occupied Palestinian territory. These efforts should receive all possible support. Her delegation was very alarmed at the continued deterioration in the living conditions of the Palestinian people and of the inhabitants of other occupied Arab territories. This situation arose from the Israeli occupation and its arbitrary practices, which aimed at preventing any economic or social development in the occupied Arab territories and at dominating these territories and rendering them subservient to Israeli economic interests. She noted in particular the dangerous developments in the

agricultural sector, where the situation had become worse as a result of Israeli measures to quell the Palestinian uprising since 1988. She also pointed to the continuing stagnation in the Palestinian industrial sector, which was due to competition from subsidized Israeli products. The occupation authorities had strengthened their control of the Palestinian external trade sector, and transformed the occupied territories into a market for Israeli products. She added that these Israeli practices against the Palestinian people and the Arab inhabitants of the occupied Syrian Golan and South Lebanon were not confined to economic spheres alone but also regularly violated the human, political and cultural rights of these peoples. Israel had attempted to Judaize Arab lands through its colonial settlement plans and expropriation of land, in addition to its illegal annexation of East Jerusalem and the Golan in 1981.

423. She affirmed that the adverse economic conditions of the Palestinian people could be remedied only by rooting out the cause of the evil, namely the Israeli occupation. Her delegation had stated on many occasions that it would not be possible to speak of development in the occupied Arab territories until there was total Israeli withdrawal from all occupied Palestinian and other Arab territories and until the Palestinian people could exercise their legitimate national rights.

424. In conclusion, she pointed out that Palestinian initiatives to boycott Israeli goods and to refuse payment of taxes to Israel were positive acts aimed at establishing the basis for a self-reliant economy, which was a prerequisite for genuine interdependent relations with other countries. She wondered how the representative of Israel could speak of interdependence between the occupied Palestinian economy and the dominating Israeli economy. Palestinian economic relations with traditional markets in the Arab hinterland were in no way comparable to the distorted relations with the Israeli economy.

425. The representative of Tunisia praised the remarkable work done by the Special Economic Unit in preparing a valuable report despite the resource and technical constraints that it faced for the implementation of its mandate. The information contained in the report reflected perfectly the realities and difficulties faced by the Palestinian people in occupied Palestine. The occupation authorities had attempted to stifle all hope, the determination to develop, every attempt at economic emancipation and all efforts to survive. The water resources of the occupied territory were diverted for the benefit of illegal Israeli settlements. Villages and towns were deprived of water and electricity supply and work opportunities, and Palestinian agricultural production was crushed under the burden of unjust taxes which must be paid to finance the occupation. In such conditions, it was truly miraculous that the Palestinian people has been able to survive.

426. The form of development proposed by the occupying power implied the destruction of the industrial, commercial and agricultural infrastructures of the Palestinian economy. The report cited (para. 5) a range of negative Israeli measures under which the Palestinian economy suffered. Despite these measures, a people had emerged who, by modest means, were attempting to organize themselves and to survive economically. The international community should provide aid and multifacted support to this people in distress. The efforts actually under way by UNCTAD, ITC and UNDP for the creation of a Palestinian marketing centre, as well as the project to establish an investment project evaluation centre, were moves in the right direction.

Similarly, the decision of EEC to grant preferential treatment to Palestinian exports indicated an awareness by the international community of the economic hardships suffered by the Palestinian people. It would be desirable if EEC were to go even further by requesting Israel to end illegal customs duties imposed on products destined for Palestine.

427. In conclusion, he affirmed that the Special Economic Unit should intensify its examination of the Palestinian national economy, the usefulness of which for the Palestinian people and the international community was undeniable.

428. In his concluding remarks, the representative of the UNCTAD secretariat stated that the secretariat noted with keen interest the valuable observations on its report (TD/B/1221). He also provided clarification on some of the points raised in the debate on this item. He noted with particular appreciation the close attention and support given by the Board to the recommendations in the report aimed at improving the performance of the Palestinian economy, as well as the calls for the support and effective assistance of the international community in their implementation. The secretariat also welcomed the comments made by several delegations with respect to the scope, orientation and other aspects of its future work on the economy of the occupied Palestinian territory. The points raised would be carefully examined by the Special Economic Unit in the context of its mandate and resource limitations and would be taken into consideration during the implementation of its current and future work programmes.

Action by Sessional Committee I

429. At its 3rd meeting, on 4 October 1989, the Sessional Committee took note of the report by the UNCTAD secretariat entitled "Recent economic developments in the occupied Palestinian territory" (TD/B/1221).

Consideration in plenary

Action by the Board

430. At its 761st meeting, the Board took note of the report by the UNCTAD secretariat entitled "Recent economic developments in the occupied Palestinian territory" (TD/B/1221) and of the comments made thereon in Sessional Committee I.

Chapter X

ARRANGEMENTS AND PREPARATIONS FOR THE EIGHTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

(agenda item 12)

431. The Board had before it a background note by the UNCTAD secretariat (TD/B(XXXVI)/CRP.4).

432. The representative of China stated that his delegation attached great importance to timely preparations for UNCTAD VIII, and was highly conscious of the impact that the special session of the General Assembly on international economic co-operation, the formulation and adoption of the new International Development Strategy and the Second Conference on LDCs would have on the preparatory process for the Conference, particularly on its organizational aspect. His delegation endorsed in principle the considerations and plans, including the proposed procedural arrangements contained in TD/B(XXXVI)/CRP.4 and firmly believed that UNCTAD VIII should be held in 1991, the year it is due in accordance with the relevant rule of procedure of the Conference (TD/63/Rev.2).

433. As to the specific timing and the venue, he stated that the Conference might be held any time between May and July 1991 and supported the motion that it be held in a Latin American country. He hoped that a consensus would be reached on these issues as soon as possible so as to allow appropriate time for such other preparations as intergovernmental consultations on the agenda.

434. At the 761st meeting, the President introduced draft decision TD/B/L.881, which he submitted following informal consultations.

Action by the Board

435. At the same meeting, the Board adopted the draft decision submitted by the President (for the text, see part I above, decision 376 (XXXVI)).

Chapter XI

CLOSING STATEMENTS AT THE FIRST PART OF THE THIRTY-SIXTH SESSION OF THE BOARD

436. The spokesman for the Group of 77 (Jamaica) observed that the session, not in itself of startling importance in global terms, yet signified a major departure in the life of UNCTAD. The Board had taken at least three important steps: the Declaration on the twenty-fifth anniversary of UNCTAD; the resolution on debt - the first comprehensive text for a very long time; and the decision on interdependence.

437. The Declaration implied, if not a new era, at least the beginning of a time of building on the solid foundations of the past for the future of UNCTAD. All member States had committed themselves to an increasing role for UNCTAD in the future. They had recognized the importance of UNCTAD and seen that one of its roles is to present new ideas, new initiatives and to encourage and stimulate policy making. In relation to debt, the atmosphere of realism marked an important milestone for the Board, one which augured well for the future, of similar negotiations.

438. The representative of India had already stated the importance with which the Group of 77 regarded interdependence. The Board's action on it marked the international community's recognizing that States were interconnected and were prepared to take action through UNCTAD.

439. All three events, and the general atmosphere of the Board, were important for the Group of 77 and the importance which the rest of the international community attached to UNCTAD and the Board were essential in the continuing efforts of the entire community to improve the lot of their peoples and the world as a whole.

440. The spokesman for Group B (Finland) believed that the Board had served as a forum for constructive discussions in a number of areas on its agenda; the results of the session spoke for themselves. A positive outcome in so many important subjects was a welcome proof of joint efforts by all parties to work together towards a better understanding of the many challenges that lay ahead. The twenty-fifth anniversary of UNCTAD had been marked with special events, statements, important messages and intensive deliberations, and a forward looking Declaration had been adopted. This spirit of openness and co-operation held promise for the future. New and innovative ways to enhance deliberations had been introduced, and the initiatives of the Secretary-General had been particularly welcome.

441. This spirit did not emerge in a vacuum; there had been favourable changes in the international political climate, and a growing consensus in the economic field was very much in evidence. The time to bring these new developments to bear on the work of UNCTAD was now.

442. The spokeswoman for Group D (Bulgaria) said that the current session was held in an atmosphere of constructive and fruitful dialogue, of balanced and pragmatic approaches to different problems. UNCTAD had been able to respond to challenges, which changing conditions in international economic relations presented.

443. An important conclusion from the work of the present session was that the universal character of UNCTAD was being strengthened - as regards both its addressing the most important issues of international economic relations in their interlinkages and the outcome reached, which was well balanced and as a correct reflection of areas of consensus among all participants. Awareness of the importance of global interdependence was growing.

444. Group D assessed positively the results of this part of the session and attached particular importance to the outcome on the issue of interdependence and to the Declaration on the twenty-fifth anniversary of UNCTAD. The resolution on debt and development problems of developing countries was a step forward towards solving that problem.

445. Group D noted with satisfaction the adoption of decisions on the UNCTAD contribution to the new International Development Strategy and on the preparations for UNCTAD VIII.

446. There had also been useful discussions on the preparations for the Second Conference on Least Developing Countries and UNPAAERD.

447. The current session would be remembered primarily for its particularly good atmosphere and substantial results and the members of Group D were ready to co-operate in future with all other groups and individual countries in order to strengthen the universal character and efficiency of UNCTAD.

448. The representative of China observed that positive results had been achieved at the current session through the joint efforts of all groups and delegations. There had been a detailed and useful discussion of all major issues and although some differences remained, a consensus had been achieved on interdependence, debt and UNPAAERD. The celebration of the twenty-fifth anniversary which had instilled new vigour into UNCTAD's work and provided a clear vision of the future, was a positive contribution to the enhancement of international co-operation.

449. The representative of France, speaking on behalf of the European Economic Community and its member States, observed that the results of the session were particularly fruitful and the content of the twenty-fifth anniversary declaration reflected the growing convergence in perceptions of development problems.

450. This positive outcome was due to the contructive co-operation of all parties.

451. The Community and its members had at the outset of the session called for a dialogue sufficiently informal to permit constructive and innovative progress in the elaboration of solutions to the problems of development. The session had largely embarked on this course and it remained to continue in this spirit of realism and consensus until UNCTAD VIII. To that end, he suggested that ways of improving working methods should be discussed at the Secretary-General's monthly consultations. The Community and its member States would make a substantial contribution to the common effort in line with the importance which they attached to dialogue and concertation with its partners in development.

452. In his concluding address, the President observed that, above all, it could be said of the current session that it had returned UNCTAD to the level of meaningful political consensus perhaps last achieved at UNCTAD VII. Delegations must now maintain the momentum at future sessions and in preparations for UNCTAD VIII. In the meantime, the Secretary-General would ascertain the best way of communicating the substance and outcome of the Board's discussions to other relevant forums. He himself would do what he could to help ensure that news of this spirit of co-operation, and of the results it has produced, was received in the General Assembly, and made use of by it in its work.

453. He noted that, in addition to the importance of the outcome of the session, the Board had respected the rules governing its working methods adopted in resolution 352 (XXXIV), particularly with regard to the convening of night meetings and not allowing regular meetings to go beyond regular working hours.

Chapter XII

PROCEDURAL MATTERS: INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

454. The first part of the thirty-sixth session of the Board was opened on 2 October 1989 by Mr. Tobgye Dorji (Bhutan), President of the Board at its thirty-fifth session.

B. Election of officers
(agenda item 1 (a))

455. At the 753rd (opening) meeting, on 2 October 1989, the Board elected as President by acclamation, Mr. Oscar R. de Rojas (Venezuela).

456. At the same meeting it elected the remaining officers of its Bureau as follows:

Vice-Presidents:	Mr. Morris ABRAM	(United States of America)
	Mrs. Anna DOYNOVA	(Bulgaria)
	Mr. Hicham HAMDAN	(Lebanon)
	Mr. Alexandre KACHANOV	(Union of Soviet Socialist Republics)
	Mr. Jean-David LEVITTE	(France)
	Mr. Michael Joseph LILLIS	(Ireland)
	Mr. Wisber LOEIS	(Indonesia)
	Mr. Olli Adolf MENNANDER	(Finland)
	Mr. Thomas A. OGADA	(Kenya)
	Mr. Gustavo Adolfo VARGAS	(Nicaragua)
Rapporteur:	Mr. Abderrazak AZAIEZ	(Tunisia)

C. Adoption of the agenda and organization of the work of the session
(agenda item 1 (b))

457. Also at the 753rd meeting, the Board:

(a) Adopted the provisional agenda approved at the second part of its thirty-fifth session (TD/B/1212), with the inclusion of two additional sub-items under item 8 (for the agenda as adopted, see annex 1 below);

(b) Broadly endorsed the proposals for the organization of its work in TD/B/1212 (Add.2);

(c) Established two sessional committees: Sessional Committee I to consider and report on items 7 (c); 8; 10; 11 and 13 (c); and Sessional Committee II to consider and report on items 7 (a) and 9. All other items would be taken up in plenary;

(d) Established an open-ended Contact Group of the President composed of: nine members from the Group of 77; six from Group B; three from Group D; and one from China.

Sessional Committee I

458. At its 1st meeting, on 2 October 1989, Sessional Committee I elected its Bureau as follows:

Chairman	Mr. H. Brauneis	(German Democratic Republic)
Vice-Chairman-cum-Rapporteur:	Ms. Lesley Jane Hudson	(United Kingdom of Great Britain and Northern Ireland)

459. In the course of the first part of the thirty-sixth session of the Board, Sessional Committee I held five plenary meetings.

460. At its 5th (closing) meeting, on 13 October 1989, Sessional Committee I adopted its draft report (TD/B/(XXXVI)/SC.1/L.1 and Add.1), with one minor amendment.

Action by the Board

461. At its 761st meeting, the Board took note of the report of Sessional Committee I and decided to incorporate it into its own report.

Sessional Committee II

462. At its 1st meeting, on 2 October 1989, Sessional Committee II elected Mr. Martin Hecker (Federal Republic of Germany) as Chairman and Mr. Allà Chalabi (Egypt) as Vice-Chairman-*cum*-Rapporteur. In the course of the first part of the thirty-sixth session of the Board, Sessional Committee II held six plenary meetings.

463. At its 6th (closing) meeting, on 13 October 1989, Sessional Committee II adopted its draft report (TD/B/(XXXVI)/SC.2/L.1 and Add.1 and 2), as amended, and authorized the Rapporteur to complete the final version as appropriate.

Action by the Board

464. At its 761st meeting, the Board took note of the report of Sessional Committee II and decided to incorporate it into its own report.

465. At its 755th meeting, the Board took note of a selective list of resolutions and decisions adopted by the Economic and Social Council during its organizational, first and regular sessions of 1989 (TD/B(XXXVI)/CRP.1) which were of particular interest to the Board at the first part of its thirty-sixth session.

D. Membership and attendance 6/

466. The following States members of UNCTAD, members of the Board, were represented at the session: Afghanistan; Algeria; Angola; Argentina; Australia; Austria; Bahrain; Bangladesh; Belgium; Bhutan; Bolivia; Brazil; Bulgaria; Byelorussian Soviet Socialist Republic; Cameroon; Canada; Chile;

China; Colombia; Costa Rica; Côte d'Ivoire; Cuba; Czechoslovakia; Democratic People's Republic of Korea; Democratic Yemen; Denmark; Ecuador; Egypt; El Salvador; Ethiopia; Finland; France; German Democratic Republic; Germany, Federal Republic of; Ghana; Greece; Guatemala; Haiti; Honduras; Hungary; India; Indonesia; Iran (Islamic Republic of); Iraq; Ireland; Israel; Italy; Jamaica; Japan; Jordan; Kenya; Kuwait; Lebanon; Liberia; Libyan Arab Jamahiriya; Madagascar; Malaysia; Malta; Mexico; Mongolia; Morocco; Myanmar; Nepal; Netherlands; New Zealand; Nicaragua; Nigeria; Norway; Oman; Pakistan; Panama; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Republic of Korea; Romania; Saudi Arabia; Senegal; Singapore; Somalia; Spain; Sri Lanka; Sudan; Sweden; Switzerland; Syrian Arab Republic; Thailand; Trinidad and Tobago; Tunisia; Turkey; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics; United Arab Emirates; United Kingdom of Great Britain and Northern Ireland; United Republic of Tanzania; United States of America; Uruguay; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaire; Zambia; Zimbabwe.

467. The following other States members of UNCTAD, not members of the Board, were represented at the session: Brunei Darussalam; Democratic Kampuchea; Niger; Holy See.

468. Palestine participated pursuant to General Assembly resolution 3237 (XXIX); Pan Africanist Congress of Azania participated pursuant to General Assembly resolution 3280 (XXIX).

469. The following specialized and related agencies were represented at the session: Food and Agriculture Organization of the United Nations; World Bank; International Monetary Fund; United Nations Industrial Development Organization. The General Agreement on Tariffs and Trade was also represented at the session.

470. The following intergovernmental organizations were represented at the session: Arab Fund for Economic and Social Development; Commonwealth Secretariat; Council for Mutual Economic Assistance; European Economic Community; International Textiles and Clothing Bureau; Latin American Economic System; League of Arab States; Organisation for Economic Co-operation and Development; Organization of African Unity; Organization of the Islamic Conference (Islamic Centre for Development of Trade); Permanent Secretariat of the General Treaty on Central American Economic Integration.

471. The following non-governmental organizations were represented at the session: General Category: Friends World Committee for Consultation (Quakers); International Bar Association; International Confederation of Free Trade Unions. Special Category: International Air Transport Association; International Association of Islamic Banks.

E. Treatment of new States members of UNCTAD for purposes of elections (agenda item 13 (a))

472. At the 753rd meeting, the Board took note that the membership of UNCTAD remained unchanged at 138.

F. Announcement of any changes in the membership of the Board and election to membership of main Committees (agenda item 13 (b))

473. At the 753rd meeting, the Board took note that its membership and that of its main Committees remained unchanged, i.e.: Trade and Development Board 131; Committee on Commodities 107; Committee on Manufactures 101; Committee on Invisibles and Financing related to Trade 102; Committee on Shipping 103; Committee on Transfer of Technology 99; Committee on Economic Co-operation among Developing Countries 110.

G. Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1990 (agenda item 13 (c))

474. At its 753rd plenary meeting, on 2 October 1989, the Board decided to refer this item to Sessional Committee I for consideration and report.

Consideration in Sessional Committee I

475. At the 4th meeting of the Sessional Committee, on 6 October 1989, the *Chairman* stated that the regional co-ordinators and China had informed him of the following proposed membership for the Working Party for 1990: Argentina; Australia; Belgium; Brazil; Bulgaria; China; Egypt; Finland; German Democratic Republic; India; Japan; Kenya; Peru; Philippines; Union of Soviet Socialist Republics; United Kingdom of Great Britain and Northern Ireland; United Republic of Tanzania; United States of America; Yugoslavia.

Action by Sessional Committee I

476. At its same meeting, the Sessional Committee endorsed the proposed membership of the Working Party on the Medium-term Plan and the Programme Budget for 1990, as communicated by the Chairman.

Consideration in plenary

Action by the Board

477. At its 761st meeting, the Board decided that in 1990 the membership of the Working Party on the Medium-term Plan and the Programme Budget would consist of the following 19 States:

Argentina
Australia
Belgium
Brazil
Bulgaria
China
Egypt
Finland
German Democratic Republic
India
Japan
Kenya
Peru
Philippines
Union of Soviet Socialist Republics
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Yugoslavia

H. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board
(agenda item 13 (d))

478. No applications for designation under rule 76 were before the Board at the first part of its thirty-sixth session.

I. Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure
(agenda item 13 (e))

479. At the 755th plenary meeting on 3 October 1989, the Board approved the applications by the following four non-governmental organizations for designation under rule 77 of the rules of procedure of the Board and decided, in accordance with the recommendations of the Secretary-General of UNCTAD (TD/B/1230), that they should be classified under the terms of subparagraphs 12 (a) and (b) of Board decision 43 (VII), as follows:

General category:

Association of Latin American and Caribbean Economists (AEALC) 7/
Ibero-American Association of Chambers of Commerce (AICO) 8/
Conference of Latin American Data-Processing Authorities (CALAI) 9/

Special category for UNCTAD organ indicated (other than the Board):

	UNCTAD organ
Federation of National Associations of Forwarding Agents of Latin America and the Caribbean (ALACAT) 10/	Committee on Shipping

J. Review of the calendar of meetings
(agenda item 13 (f))

480. At the 761st meeting, the Board approved the calendar of meetings for the remainder of 1989 and 1990 and took note of the tentative calendar for 1991 (see part I above, decision 378 (XXXVI)).

K. Administrative and financial implications of the actions of the Board
(agenda item 13 (g))

481. No specific administrative or financial implications were submitted to the Board.

L. Provisional agenda for the second part of the thirty-sixth session of the Board
(agenda item 1 (d))

482. At the 761st meeting, the Board approved the provisional agenda for the second part of its thirty-sixth session (TD/B/L.883), prepared pursuant to rule 8 of the rules of procedure (see annex II below).

483. The Board authorized the Secretary-General of UNCTAD, in consultation with the President, to adjust this provisional agenda in the light of developments, on the understanding that any changes or additions would be the subject of consultations with representatives of regional groups in the framework of the consultative machinery established by decision 143 (XVI) and resolution 231 (XXII). It requested the Secretary-General to consult with delegations regarding the organization of work of the second part of the session and to circulate his suggestions in that connection.

M. Adoption of the report on credentials
(agenda item 1 (c))

484. At the 761st meeting, the Board adopted the report of the Bureau on Credentials (TD/B/1233).

N. Adoption of the report of the Board
(agenda item 15)

485. At the 761st meeting, the Board adopted the draft report on the first part of its thirty-sixth session (TD/B/L.868 and Add.1-6) and authorized the Rapporteur to complete the final version. It further authorized the Rapporteur, under the authority of the President, to prepare the Board's report to the General Assembly.

Notes

1/ All texts were adopted without a vote.

2/ Circulated in TD/B/INF.174.

3/ The statements made and the messages received in connection with the anniversary are reproduced in UNCTAD/PSM/CAS/135.

4/ For an introductory statement on this item by the Secretary-General of UNCTAD, see paragraph 256 above.

5/ For an introductory statement on this item by the Secretary-General of UNCTAD, see paragraph 256 above.

6/ For the list of participants see TD/B/INF/175.

7/ For information on this organization see document TD/B/R.56/Add.1 (derestricted).

8/ For information on this organization see document TD/B/R.56/Add.2 (derestricted).

9/ For information on this organization see document TD/B/R.56/Add.3 (derestricted).

10/ For information on this organization see document TD/B/R.56/Add.4 (derestricted).

ANNEXES

Annex 1

AGENDA FOR THE FIRST PART OF THE THIRTY-SIXTH SESSION OF THE TRADE AND DEVELOPMENT BOARD a/

1. Procedural matters:

   (a) Election of officers;

   (b) Adoption of the agenda and organization of the work of the session;

   (c) Adoption of the report on credentials;

   (d) Provisional agenda for the second part of the thirty-sixth regular session of the Board and organization of the work of the session

2. UNCTAD's contribution to the preparations for the International Development Strategy for the Fourth United Nations Development Decade

3. Interdependence of problems of trade, development finance and the international monetary system

4. Debt and development problems of developing countries

5. Twenty-fifth anniversary of UNCTAD

6. Preparations for the Second United Nations Conference on the Least Developed Countries

7. Other matters in the field of trade and development:

   (a) Report of the Secretary-General of UNCTAD in accordance with Conference resolution 137 (VI) concerning land-locked developing countries;

   (b) Export promotion: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-second session;

   (c) Progressive development of the law of international trade: twenty-second annual report of the United Nations Commission on International Trade Law

8. Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies:

   (a) Special Committee on Preferences;

   (b) Committee on Economic Co-operation among Developing Countries

9. UNCTAD's contribution to the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990

10. Programme evaluation in UNCTAD

11. Assistance to the Palestinian people (Conference resolutions 146 (VI) of 2 July 1983 and 169 (VII) of 3 August 1987)

12. Arrangements and preparations for the eighth session of the United Nations Conference on Trade and Development

13. Institutional, organizational, administrative and related matters:

    (a) Treatment of new States members of UNCTAD for purposes of elections;

    (b) Announcement of any changes in the membership of the Board and election to membership of main Committees;

    (c) Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1990;

    (d) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

    (e) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure;

    (f) Review of the calendar of meetings;

    (g) Administrative and financial implications of the actions of the Board

14. Other business

15. Adoption of the report of the Board

Note

a/ Adopted by the Board at its 753rd meeting, on 2 October 1989.

Annex II

DRAFT PROVISIONAL AGENDA FOR THE SECOND PART OF THE THIRTY-SIXTH REGULAR SESSION OF THE BOARD a/

1. Procedural matters:

    (a) Adoption of the agenda and organization of the work of the session;

    (b) Adoption of the report on credentials;

    (c) Provisional agenda for the first part of the thirty-seventh regular session of the Board and organization of the work of the session;

    (d) Designation of the President of the thirty-seventh regular session of the Board

2. Follow-up and review of the implementation of the Final Act of UNCTAD VII in accordance with Board decision 350 (XXXIV): selected issues requiring attention by the Board

    Services within the mandate of UNCTAD as defined in the Final Act b/

3. Protectionism and structural adjustment and, in conjunction therewith, developments and issues in the Uruguay Round of particular concern to developing countries, in accordance with paragraph 105 (8) of the Final Act.

4. Other issues for consideration by the Board as mandated in General Assembly resolution 1995 (XIX), and in the context of the relevant provisions of the Final Act on international trade, as well as other pertinent resolutions of the General Assembly and the Conference:

    (a) The impact of technological change on patterns of international trade;

    (b) The implications of bilateral arrangements and regional economic integration, especially those which have a major impact on global trade, in particular on the trade and development of developing countries

5. Trade relations among countries having different economic and social systems and all trade flows resulting therefrom

6. Arrangements and preparations for the eighth session of the United Nations Conference on Trade and Development

7. Other matters in the field of trade and development

    [to be completed in the light of developments]

8. Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies

9. Institutional, organizational, administrative and related matters:

   (a) Treatment of new States members of UNCTAD for purposes of elections;

   (b) Announcement of any changes in the membership of the Board and election to members of main Committees;

   (c) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

   (d) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure;

   (e) Review of the calendar of meetings;

   (f) Administrative and financial implications of the actions of the Board

[to be completed in the light of developments]

10. Other business

11. Adoption of the report of the Board.

Notes

a/ The inclusion of an item on UNCTAD's contribution to the preparations for the International Development Strategy for the Fourth United Nations Development Decade will depend on the outcome of consultations of the Secretary-General of UNCTAD in accordance with Board decision 373 (XXXVI).

b/ See proceedings of the Conference for statements made in connection with the adoption of the Final Act of UNCTAD VII.

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